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The significance of The Ecocash mobile money service in fostering financial inclusion in the Zimbabwean informal sector

By

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Abstract

This research set out to assess the significance of the EcoCash mobile money service in fostering financial inclusion in the informal sector in Harare, Zimbabwe. Many individuals operating in the informal sector have been financially excluded because of a variety of factors. These range from lack of documentation to the cost of using formal financial services. The path to financial inclusion has been accompanied by initiatives designed to address all the systemic and institutional problems, at the same time advising individuals to overcome barriers at their personal level. Hence, the creation of mobile money services such as EcoCash Launched in 2011 by Econet, a telecommunications company, has given people in the Zimbabwean informal sector the chance to participate in Zimbabwe's mainstream financial economy. The main aim of financial inclusion is to cater for the poor and unbanked as this can be viewed as a catalyst to reduce poverty. A qualitative case study design was adopted for this research. The study site was Harare, Zimbabwe. The participants consisted of informal workers. The interviews schedule was the main data collection instrument, and this was supplemented with literature and document analysis. The study found that informal workers found EcoCash very important when it came to fostering financial inclusion. They identified EcoCash as a convenient service that assisted with carrying various financial transactions and this was more accepted because of how efficient and easy it was. Ease of use coupled with less bureaucracy when registering allowed for more informal workers to sign up for the service. The study also revealed that EcoCash is a digital wallet that allowed participants to store their money there and not keep physical cash at home which is not safe. However, one common thought that all participants addressed was that of transactional costs. Most informal workers are low-income earners, thus the cost of transacting for many of the participants has been expensive. This has presented some policy debates when it comes to regulating mobile money services due to their costly nature.

Key Words: Mobile Money; Ecocash; Informal Sector.

Declaration

I declare that this research is my original work except where sources have been cited and acknowledged. The dissertation has never been submitted, nor will it ever be submitted to another university for the award of a degree.

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To my friends and the black youth, your dreams are never small. They are valid. Cherish every moment.

Dedication

This research is dedicated to my late uncle and one of my role models Mr Vuchirayi Gappah (1983-2022). I hope I make you proud with this research. Excelsior!

This is also dedicated to all doing a post graduate degree whether it be an Honours, Masters or a Doctorate. There are days it is going to be dark. There are days you want to give up. There are days you are demotivated. Always believe in yourself because nobody else will.

To the loved ones we have lost over the years and during this pandemic, I hope you are up there in clouds smiling above. As a survivor of COVID-19 I encourage everyone to be thankful every day because nothing is certain.

“Life is so short you can't waste even a day subscribing to what someone thinks you can do versus knowing what you can do” (Virgil-Abloh, 1980-2021).

List of Acronyms and Abbreviations

ATM	Automated Teller Machine
APC	African, Caribbean and Pacific Countries
CBD	Central Business District
COVID-19	Coronavirus Disease 2019
ESAP	Economic Structural Adjustment Programme
GDP	Gross Domestic Product
ICTs	Information Communication Technologies
IT	Information Technology
ILO	International Labour Organization
IMF	International Monetary Fund
LDC	Least Developed Country
MMT	Mobile Money Transfers
MNO	Mobile Network Operators
NFIS	National Financial Inclusion Strategy
RBZ	Reserve Bank of Zimbabwe
RTGS	Real Time Gross Settlement
SMS	Short Message Service
TAM	Technology Acceptance Model
UN	United Nations
ZESA	Zimbabwe Electricity Supply Authority

Definition of Key Terms

- Financial Inclusion** It is the process of bringing the weaker and vulnerable members of society into the ambit of organised financial system which ensures that they access timely and adequate credit and other financial products at an affordable price (Sanderson et al., 2018).
- Informal Sector** Schneider (2016) defined the informal sector as all economic activities by workers and economic units that are, in law or in practice, not covered or insufficiently covered by formal arrangements.
- Mobile Money** Mobile Money refers to a suite of financial services offered through mobile phones and other handheld mobile devices. These services can include: (1) person-to-person transfer of funds, such as domestic and international remittances; (2) person-to-business payments for the purchase of a range of goods and services; and (3) mobile banking, through which customers can access their bank accounts, pay bills, or deposit and withdraw funds (Dolan, 2009).

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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 Introduction

The growth, usage and spread of information and communication technologies (ICTs) has been significant in the transformation of social, economic and political development in low-income countries (May et al., 2014). The presence of ICTs such as cellular phones has transformed the way in which we communicate amongst ourselves and the vast unexplored opportunities in support of trade. Mobile phones have also contributed towards boosting the growth of the economy and employment creation. This has been done courtesy of various business opportunities and the provision of affordable financial services and financial inclusion for the unbanked - those with no access to formal banking services. Thus, the mobile phone has become a multifunctional gadget that can edit documents or become a portable digital financial wallet which also has the ability to conduct financial transactions (Musungwini et al., 2014; Elder et al., 2013).

Financial inclusion has been accompanied by initiatives designed to address all the systemic and institutional problems, at the same time advising individuals to overcome barriers at their personal level (Sanderson et al., 2018). Thus, financial inclusion can be viewed as a catalyst to reduce poverty (World Bank, 2013). Being able to have access to financial services is a stride towards financial inclusion because one is able to store money, send and receive payments.

Having access to financial services is essential to daily economic life. This has been the norm in developed countries but in developing countries, this is far from it. In developing countries, 54% of people have access to a bank account whilst the remainder do not have access (Dupas et al., 2018). People who are unbanked, such as those working in the informal sector, face a variety of constraints and these are a result of mixed factors.

The first is that that of key documentation. Documentation requirements tend to hamper people from opening bank accounts because this often limits their eligibility. This is because the workers maybe operating in the informal sector and they are likely to not possess any identification papers (Allen et al., 2016). The reason for documentation is essential because there have been concerns about fraud, money laundering and the possibility of terrorist

financing. This has unplanned consequences of excluding valid businesses and consumers from the financial system (Demirguc-Kunt & Klapper, 2013).

The second has to do with trust. Distrust in financial institutions is a barrier that is difficult to overcome. The distrust can stem from various causes such as poor local governance, economic crises, previous bank failures and uncertainty about the future (Demirguc-Kunt & Klapper, 2013). Confidence between clients and financial institutions is crucial, especially in less developed countries that are faced with such incidents in banks and trust is undermined (Babajic et al., 2018). Some unbanked users also tend to avoid traditional financial institutions because of their past experiences which tend to be negative. It can range from being disrespected by banking employees or receiving poor service or treatment (Jamison, 2017).

The physical location of a bank and other key financial establishments is another barrier that ensures that people in the informal sector remain unbanked because they are not accessible to them (Beck et al., 2006). Mobility constraints and weak infrastructure make travelling to the closest access point more costly (Babajic et al., 2018).

Affordability is another essential factor that contributes to the informal sector being unbanked. Fixed costs and yearly fees often make such small transactions expensive for most people. Those with little or no capital, especially vulnerable groups, may not be able to afford or maintain a bank account (Babajic et al., 2018). For example, to maintain a checking account in Sierra Leone, an adult had to pay an equivalent of 27% of that country's Gross Domestic Product (GDP) per capita in yearly fees which made it very costly for the user (Allen et al., 2016; Beck et al., 2008).

Technological innovation over the last two decades has allowed mobile services such as mobile money to be created and become an essential financial integration tool in increasing financial inclusion in the developing world as this evidenced by Kenya with M-Pesa in 2007 and other countries in Africa, Asia and Latin America (Rugamba, 2013). This is because the number of mobile phone subscribers outnumber financial account holders in many countries and half of the unbanked people have mobile phones. Thus, this has created new opportunities for financial stakeholders such as governments and financial institutions to innovate (Gas, 2017).

1.2 Research Problem

A large part of Zimbabwe's economy is informal. The informal sector in Zimbabwe constitutes about 60% of the economy, making it the second largest informal economy in the world according to the International Monetary Fund (IMF) (Medina & Schneider, 2018). With this statistic in mind, a lot of workers operating in the informal sector are unbanked. This implies that they have no access to formal banking services that allow them to carry out various transactions such as sending money and making crucial purchases if they do not have physical cash.

In Zimbabwe, access to financial services for vulnerable groups has always been a major concern. The Reserve Bank of Zimbabwe (RBZ) through their monetary policy of 2011 has been urging banks and other financial institutions to create products that are innovative and affordable to the unbanked (Munyoro et al., 2017). The widespread use of mobile phone technology has managed to open new markets, most notably in the financial sector with mobile phones being used to provide financial services (GSMA, 2017). This led to local Zimbabwean telecommunications company Econet to create EcoCash, a mobile money service in 2011.

Apart from having a well-developed financial sector, Zimbabwe still has high levels of financial exclusion (Bara, 2013). From a statistical standpoint, Munyoro et al. (2017) highlighted that only 2 million out of a total population of 14 million Zimbabweans, which is about 14,2%, have an active bank account, reflecting a huge discrepancy of financial inclusion. Hence, the introduction of mobile money services such as EcoCash has been an avenue for trying to promote financial inclusion (Bara, 2013). Though there are other mobile money alternatives that were created by other telecommunications companies such as Telecash by Telecel and OneMoney by NetOne, EcoCash has been the dominant mobile money service with a large chunk of the market share (85.5%) in active mobile money subscriptions (POTRAZ, 2020). The World Bank (2020) data index report showcased that per 100 people, 89 people had mobile cellular subscriptions making it a high volume of citizens with access to a mobile cellular device. This was an indication that there were more people with cell phones than bank accounts and this has had the potential to assist those in need of financial services via mobile money services. As a result, this is what led to the innovation of the mobile money because it has managed to penetrate low-income households and unbanked segments (Munyoro et al., 2017; Bara, 2013).

In 2016, a national liquidity crisis occurred in Zimbabwe, and this was adding on to the already crippling economy. Trade deficits led to a mass outflow of US dollars, which was the currency used in Zimbabwe since 2009. To combat this, the RBZ issued a new currency in November of 2016 called the Bond note, which was fixed to the American dollar. Nonetheless, liquidity remained an issue and due to a lack of confidence in the bond note, this saw its value decrease (The Economist, 2017).

As the country began to run out of physical currency, it became difficult for people to obtain physical currency to purchase goods and services, especially for those working in the informal sector. According to Bloomberg, less than 5% of commercial transactions in the country involved cash. Instead, Zimbabweans used mobile money services such as EcoCash or bank cards. People working in the informal sector mainly used EcoCash mobile money services (Bloomberg, 2019). At the community level, the availability of cash dwindled significantly, and this led to a new shift in how people transacted. Across rural and poor urban communities, people hit the hardest by the cash shortage, they began to purchase goods and services through their mobile phones using mobile money services (Care, 2017). Therefore, this study was conducted with the aim of investigating the significance of the EcoCash mobile money service in fostering financial inclusion in the Zimbabwean informal sector.

1.3 Research Objectives

1.3.1 Main Research Objective

The principal objective of this research is to explore the extent to which EcoCash as a mobile money service has fostered financial inclusion in the Zimbabwean informal sector

1.3.2 Research Objectives

The research objectives were to:

1. Identify the barriers that hinder informal workers access to formal financial services.
2. Explore financial services or products are offered by Ecocash to facilitate financial inclusion.
3. Identify the challenges of using EcoCash mobile money service.
4. Explore the extent to which EcoCash has assisted informal workers who are financially excluded.

These objectives were fulfilled through literature as well as the information attained from the research participants based on the interview schedules provided (Appendix 2). The research questions were aligned to the above-mentioned research objectives.

1.4 Research Questions

1.4.1 Main Research Question

The principal question that this research sought to answer was: to what extent has the EcoCash mobile money service fostered financial inclusion in the Zimbabwean informal sector?

1.4.2 Research Questions

1. What are the barriers that hinder informal workers to formal financial services?
2. What financial services or products are offered by EcoCash to facilitate financial inclusion?
3. What are the challenges of using EcoCash mobile money service?
4. How has EcoCash assisted informal workers who are financially excluded?

1.5 Summary of the Research Methodology

A qualitative case study design was adopted for this research. Qualitative case studies are the preferred strategy when ‘how’ or ‘why’ questions are being posed and when the investigator has little control over events and when the focus is a contemporary phenomenon within some real-life context (Yin, 2003). Welman and Kruger (2001) suggest that although a case study concentrates on a single institution, person, or group for a specific period, it could be highly indicative of a particular demographic profile.

The selected study site was Harare around the Central Business District (CBD) area and other surrounding areas. The respondents selected to inform the study worked around this area and individual interviews were conducted with each of them. A detailed discussion on the study site, the research design and research instruments, as well as the manner in which the instruments were applied will be presented in Chapter Three.

1.6 Structure of the Dissertation

The chapter serves as the introduction to the nature and scope of this study. The chapter laid out a brief background for the study and the research problem. Thereafter, the research questions serving as the foundational points of departure in acquiring information for the research were presented followed by the research objectives. The chapter also provides definition of terms and a summary of the research methodology which will be further elaborated on in Chapter Three of the research. The structure of the research paper was also presented.

Chapter Two is a literature review on informal workers and mobile money. It is an analysis of the relevant literature. The chapter represents an attempt to provide an analytical framework for the study.

Chapter Three is the discussion of the methodology. The study adopted a qualitative research design, and the chapter begins by looking at the research design. The chapter also discusses the research techniques employed by the study to collect data, before looking at the ethical issues that arose from the study.

Chapter Four presented the findings emerging from the study. It provided a background and context of a Zimbabwean informal worker, which assisted in our understanding of these workers and their needs for financial inclusion. This was followed by some of the challenges informal workers face trying to access formal financial services.

Chapter Five is a continuation of the findings from the study. This chapter discussed the services offered by EcoCash; the challenges faced by informal workers when using EcoCash and the extent to which EcoCash has assisted informal workers to become financially included.

Chapter Six is the discussion of the emerging themes. It represented an attempt to reach conclusions and address possible policy implications from the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter two looked at the literature review which explored the informal sector and mobile money using global literature. This chapter was divided into two sections. The first section discussed the informal sector. This was comprised of its determinants, characteristics, challenges and benefits. The informal sector from a Zimbabwe context was also be addressed. The second section discussed mobile money. It looked at the history of mobile money, information and communications technology contribution to development, the adoption and usage of mobile money on livelihoods and the key drivers of mobile money. Mobile money from a Zimbabwe context was also be addressed. The next section looked at the Technology Acceptance Model (TAM) which was used to create a comprehensive theoretical framework. Lastly, the chapter was concluded with the theoretical framework aided by the TAM.

2.2 The Informal Sector

The informal economy has been in existence for a long time and it has risen rapidly in all regions of the developing world (Chen et al., 2004). The situation has been worsened by low absorption capacity in the labour market, lack of female empowerment, low literacy rates among adults and inadequate resources to facilitate technical and vocation training (Mofokeng, 2005). Tripathy (2003), asserts that the reasons for growth in the informal sector is globalisation, exports and relocation industries from developed to developing countries. Becker (2004) agrees with Tripathy, and additionally argues that weak institutions have dismally failed to provide platforms such as education, training and infrastructure that assists with creating job opportunities. Becker (2004) further attributed their failure when redundancies occurred during the Economical Structural Adjustment Programmes (ESAPs) era. These programmes were issued by the International Monetary Fund (IMF) and the World Bank. They resulted in the loss of public sector jobs and closure of various industries which led to the growth of the informal economy.

Decent employment opportunities and income are very scarce in most nations (Mofokeng, 2005). Employment in the informal sector has tended to grow in times of economic crisis or

structural adjustment. This is because people who become unemployed fail to get alternative jobs in the formal sector and they have no option but to move to the informal sector. In times of economic downturn, households and families resort to the informal economy to sustain their living because there are no opportunities in the formal sector (International Labour Organisation [ILO], 2002).

2.2.1 Defining the Informal Sector

The informal sector is a broad term that describes a very large growing sector of the global economy where the world's working poor earn a living (Chen et al., 2004). Social anthropologist Keith Hart is widely known as the first person to bring the term “informal sector” (in a Third World context) into academic literature. He introduced the concept when he wanted to describe a section of the labour force which worked outside the parameters of the formal labour market. Hart considered the informal sector as almost synonymous for all categories of (small) self-employed individuals (Gerxhani, 2004). Even though Hart’s original thought of the informal sector was limited to the self-employed, the introduction made it possible to incorporate activities that were previously ignored in models of development and national accounts (Swaminathan, 1991).

A simple definition of the informal sector according to Schneider (2016) is that the informal sector is all economic activities by workers and economic units that are, in law or in practice, not covered or insufficiently covered by formal arrangements. In other words, the informal economy consists of jobs or activities in the production and sale of legal goods and services not regulated or protected by the state. These activities are deliberately concealed from public authorities for various reasons, such as not wanting or not being able to comply with legal obligations or regulations.

Those who work on the streets or in the open are the most visible informal workers. Other examples of informal workers are people who work in small shops and workshops that repair items such as bicycles, recycle scrap metal, stitch shoes and make embroider garments. The least visible informal workers, the majority being women, work from their homes. For example, these include garment workers, embroiderers and shoemakers (Chen, 2012).

2.3 Characteristics of Informal Sector

The informal sector has a variety of characteristics and they are based on legality, regulation, medium of exchange and conditions of labour.

2.3.1 Legality

People who operate in the informal sector are often perceived as illegal or hidden/underground producers. Illegal production refers to “production activities which are forbidden by law or which become illegal when carried out by unauthorized producers; while underground production refers to production activities which are legal when performed in compliance with regulations, but which are deliberately concealed from authorities” (United Nations Statistical Commission [UNSC], 1993).

Activities in the informal sector can be legal or illegal. Economic activities can be differentiated by ways in which goods are produced or exchanged. For example, food and clothing are legal commodities but they may originate in either legally regulated or unregulated production arrangements (Raiman, 2001). Income generated by economic activities may be differentiated by the legality of the production or provision of goods and services. In a literature review conducted by Losby et al, (2002), they gave an example of a hot dog vendor. They wrote that “the act of selling hot dogs in the streets is not in itself illegal, but if the vendor is not licensed, the vendor may be evading laws that are regarding health and taxes” (Losby et al., 2005, p. 5).

2.3.2 Regulation

Regulation in the informal sector tends to be non-existent. Regulations are put in place to serve specific purposes such as job security, health and safety and intellectual rights. However, they tend to raise costs, barriers to investment and unemployment in the formal sector. Thus, when there is no monitoring or compliance, it will become beneficial for some people to operate informally because they can evade regulations and their associated costs (Loayza et al., 2006). Hence, without government oversight the informal sector’s potential, contributions and problems become unknown (Becker, 2004).

2.3.3 Cash as Most Common Medium of Exchange

To avoid creating a record of activities, cash is the most common medium of exchange in the informal economy rather than a cheque or credit card (McCrohan et al., 1991). Some transactions in the informal economy tend to be based on an exchange of services, which is often bartering or swapping. Losby et al. (2002), gave an illustration on how bartering or swapping works. For example, an auto mechanic may not charge a fee for the service he provided, but he may expect the customer who is into home renovation to complete the construction of a room addition. The factor of this exchange is that there is no official record of this transaction.

2.3.4 Conditions of Labour

People working in the informal sector tend to work under conditions that break health and safety laws. Location is also another aspect because those operating in the informal sector may not be allowed to operate in a specific area, but they do it regardless (Castells & Portes, 1989). Unlike formal workers who are protected, there is no guarantee that safety laws are being followed in the informal sector and thus informal workers are likely to work in unsafe environments that may be detrimental to their health (Losby et al., 2002).

2.4 Drivers of the Informal Sector

The informal sector acts as a transit hub for the unemployed and dissolves once the economy starts to grow and absorb the additional labour found in it. Evidence around the world shows that informality persists in economies that have experienced poor economic growth. In many developing economies, a complicated relationship tends to emerge, one where economic slumps force people into informal employment as a means of survival and when the economy begins to rise, it fails to bring them back into the formal system (ILO, 2013). This section showcased factors that drive informality.

2.4.1 Poverty

There are numerous factors that drive informality. The first is that of poverty and the limited opportunities and jobs for the working poor (ILO, 2006). Though not everyone in the informal economy is poor, there is a frequent overlap between informality and poverty (ILO, 2003).

Low income and limited access to public institutions prevent the poor from investing in skills that could help them become employable and ensure that they are protected from income shocks and risks. Limited skills obtained in the informal sector also prevent poor people from entering the formal sector. The shortage of employment opportunities in places like rural areas, forces people to migrate to urban areas or developed countries to pursue informal work. The formal labour market tends to discriminate against vulnerable groups such as poor women, the disabled, ethnic groups and people with HIV/AIDS. These people are pushed into poverty and their means of survival resorts to them working through informal channels (ILO, 2013).

2.4.2 Migration

There are many factors that motivate rural-urban migration in developing countries. These include social factors such as better quality of life, physical factors including climate, demographic factors such as population growth and communication and technological factors such as transportation, radio, television and cinema. The creation of a singular job in the formal sector results in attracting more than one migrant. Due to push and pull factors of migration, the rate of migration from the rural to the urban areas will be greater than the number of jobs generated by the formal sector (Todaro, 1981).

2.4.3 Taxation

Another factor driving informality is taxation. Raising taxes initiates an expansion in the size of the informal economy and this forces individuals to seek alternative sources of income from that sector (Giles & Johnson, 2002; Sookram & Watson, 2008). A growing informal economy places pressure on the government to increase taxes which, in turn, encourages more formal agents to informalize. Additionally, there is an incentive to participate in the informal economy if, in the official economy, the difference between the total cost of labour and after-tax earnings is high, as individuals would seek to avoid the difference and participate in the informal economy (Schneider & Enste, 2000).

2.4.4 Flexibility

In the past, formal employment contracts would offer employees job security and a stable income coupled with social security. It also allowed employees to avoid risks associated with investment in tools and materials, as these were the liabilities of the employer. As companies

attempt to be more competitive and try to increase profits, they have resorted to more flexible work arrangements such as sub-contracting or creating short-term contracts that ensure that their labour costs are low leaving many unemployed and looking for survival through informal channels (ILO, 2013). To add on, many people who are unemployed opt to choose to participate in the informal sector because they find more autonomy and flexibility in this sector than the formal one. This gives them freedom to operate their own business, to have flexibility when it comes to determining their own hours of work and this allows them to develop their creativity (Gerxhani, 2004).

2.4.5 Economic Restructure

The restructuring of the economy has been another factor that has driven informality. Programmes such as ESAPs which were initiated by the International Monetary Fund (IMF) and the World Bank can be an example. ESAPs were a set of prescribed economic policies in the 1980s and 1990s by the IMF for developing nations that faced an economic crisis. The IMF made governments implement certain policies such as reducing public spending and downsizing key areas in the public sector which led to many lay off therefore increasing the informal economy (Kanyeze, 2004).

2.4.6 Economic Crises

An economic crisis tends to create new pressures on formal employment, and this often results in the expansion of the informal economy. Job losses in the formal sector applies more pressure on the informal sector as people are entering the informal economy to survive. For example, according to a survey report by the IMF (2010), they reported that the global financial crisis of 2008 increased unemployment to more than 210 million people globally, an increase over 30 million since 2007. This led to a rapid expansion of the informal economy and a majority of people could not make ends meet resulting in a rise in poverty.

The informal sector is often considered a flexible system that can provide infinite self-employment opportunities for those who have lost their formal work. However, the reduction of demand globally in key sectors such as construction and textiles has affected informal jobs and businesses. Such trends increase competitive pressures in the informal economy and this drastically reduces income levels. Hence measures for recovery need to focus beyond the

formal economy to avoid hindrances in the objective of transitioning to formality. Thus, policymakers must draw up coping strategies and safety nets for informal workers if these long-term effects are to be reduced (ILO, 2010).

2.4.7 Poor Absorption of the Industrial Sector

Another factor that drives informality is the inability of the industrial sector to absorb labour in more productive jobs. This often leads to low quality employment in the service sector. As developing countries industrialize, the decline in rural-urban migration and industrial expansion are often not accompanied by a proportionate increase in industrial jobs. Rather, most of the jobs end up being created in the service sector. While, the service sector employment spans the entire range of working conditions and wages and includes minor trading as it does sophisticated financial services, there is evidence of the sector's overall low value-added contribution in many regions. This suggests that a substantial number of jobs created in these sectors could include the poor quality, and low productivity types associated with the informal sector (ILO, 2008).

2.5 Challenges in the Informal Sector

The informal sector does have its drawbacks and these are analysed in this section. These are inadequate labour legislation and protection, lack of infrastructure, over crowdedness, health hazards and barriers to entry.

2.5.1 Inadequate Labour Legislation and Protection

Becker (2004) emphasises that there is insufficient labour legislation, protection and limited access to wage workers organizations. Canagarajah and Sethiraman (2001) agree and assert that the informal economy lacks income and social security which are characteristics of the formal employment sector. As a result, people in the informal economy are vulnerable and face a variety of threats because there is no security and protection for them. Because of their nature, people in the informal economy have no entitlement to labour rights such as a minimum wage, sick pay or redundancy rights (Barbour & Llanes, 2013). Beyond economic capability, various workers in the informal sector are embedded in a web filled with complex livelihood strategies (Joseph, 2011).

Overall, people active in the informal sector have been noted to be perhaps the most regulated and least protected. They trade illegally due to lack of recognition and licenses. The traders are known to identify trading sites on their own, leaving the urban authorities with very few options, which include eviction, tolerating traders or charging a daily fee without providing any legal protection (Mitullah, 2003).

2.5.2 Lack of Infrastructure

A variety of constraints emerge when it comes to lack of infrastructure. These include transport, storage facilities, water, electricity, lack of working premises and poorly developed physical markets (Becker, 2004). Canagarajah and Sethiraman (2001) add that most of the urban enterprises have difficulties in getting access to land or space and a few can afford to rent or own such land hence many are driven to operate in marginal or peripheral areas. Lack of infrastructure also leads to people occupying illegal spaces. They are considered illegal since they have not been set aside for trade. In situations where they are allowed to operate, the spaces are temporary and eviction occurs at the will of local authorities (Mitullah, 2003).

2.5.3 Over Crowdedness and Health Hazards

Some of the existing pressures of the informal labour force, is partly a result of overcrowding and competition within the informal sector (Chen, 2000). Canagarajah and Sethiraman (2001) stress that informal enterprises are small and they require little or no capital investment which leads to overcrowding. Spaces occupied by informal workers tend to be open and this exposes them to severe environmental conditions. Most goods of trade such as fruits, vegetables and clothes are affected by these environmental conditions and they often result in a loss of possible income for informal workers (Mitullah, 2003).

Services such as water and sanitation are not easily available to various informal workers such as street vendors. A few of them working in areas such as the CBD, rely on services from formal establishments such as hotels and bars, while the rest rely on unsafe sources of water, poor sanitary methods of refuse disposal and use of open areas to use for sanitary purposes. Others are fortunate to use their services at home and others use nearby residential areas where they reside. Cleaning services provided by local urban authorities are not enough to cover areas of informal activities, nor do local authorities facilitate the provision of services by traders and

stakeholders. However, in cases where the informal workers are organized, they can clean the site of operation or hire people to collect and dispose of the waste (Mitullah, 2003).

2.5.4 Barriers to Entry

The informal economy is an indication of the high measures of entry barriers into the formal economy. There are high levels of illiteracy, poor education and lack of training especially amongst female employees. Canagarajah and Sethiraman (2001, p. 12), note that “high levels of concentration in low productive businesses reflect entry barriers to other lucrative businesses that require more capital, technical and entrepreneurial skills”.

2.6 Benefits of the Informal Sector

The informal sector with all its drawbacks and misconceptions has had some beneficial aspects critics tend to overlook. The informal sector represents an important part of the economy and the labour market especially in developing countries. The informal sector plays a major role in employment in the realms of innovation, production and income generation (Jafri, 1997). This section will look at some of the benefits the informal sector generates.

2.6.1 Employment Creation

The informal sector has the capability of absorbing a large proportion of new entrants in the labour force due to the formal sector being unable to cope with increasing numbers of the poor, unskilled and uneducated. Hence most people who are unemployed resort to informal employment to generate income to sustain their livelihoods (ILO, 1972). The informal sector accommodates for the employment of those unemployed, underemployed or unemployable. This allows for the absorption of excess labour in an effective and rapid way, something the formal sector lacks (Ruzek, 2015). An example of the absorption of excess labour as well as dynamic job creation is that of urban trash collectors. With up to 2% in Asia employed in this manner, the informal economy can allow for a cleaner and sustainable city (Agamuthu, 2010). However rapid job creations do have drawbacks and can allow for the development of shanty towns or squatter villages that lack basic infrastructure such as electricity, water and sanitation (Becker, 2004; Briassoulis, 1999).

2.6.2 The Impact on the Local Economy

Another beneficial aspect of the informal sector is that it can assist in driving local movements around the world, an example being a local farmers market, which in many developing countries is perhaps the only place to buy food (Ruzek, 2015). In the developed world, the informal economy can be a choice but in less developed areas it is seen as an economic necessity (Williams, 2004). Despite critics' socioeconomic standing, by allowing the informal sector to flourish unchecked by government regulations, it can create local economies, each modified to the community's needs, wants and shifts and trends. This "eco-localism", a term dubbed by Curtis (2003), can provide the needed changes to drive communities to a future that is more sustainable. Eco-localism does not just look at profits, but it is a mixture of natural, social, physical, financial and human capital. By integrating these aspects into the economic system, this can bear true cost and create a sustainable economy (Curtis, 2003).

To add on, one of the aspects of the informal sector that rarely occurs in the formal sector is that of personalization. An example is that of vendors. For instance, each vendor at a street market or farmers market is growing or selling for that community. It is very rare to see a local vendor sell over a large radius with various stores, street vendors and products. Since each vendor is usually only concerned with their local community, the local community becomes attached and is heavily relied on for the success of their business. This co-dependency is not the case with large box stores, or multinational corporations, as a local community is a very small fraction of their overall business (Ruzek, 2015).

2.6.3 Social Capital

A suitable definition of social capital comes from Putnam (1993), who defined social capital as "features of social organizations, such as networks, norms and trust that facilitate coordination for mutual benefit. Social capital enhances the benefits of investment in physical and human capital". Very few people can claim that they have a personal relationship with the producers of their goods. The informal market can drastically narrow the distance between consumer and informal worker, sometimes allowing the goods to be made or the service to be provided in front of the buyer while they wait. Unlike the formal sector, where various processes, goods and services are streamlined, the informal sector is driven by social interactions and this includes price negotiations between seller and buyer (Ruzek, 2015).

Social interactions and overall social capital are not the only are not the only benefits the informal sector can provide at a social level. On many occasions, the informal sector is the only place available to provide affordable goods and services for the world's poor. The informal sector allows a variety of goods and services to be made available at reduced costs, though perhaps at reduced quality. If you add in the aspects of bartering that usually accompanies the informal sector, the prices can be adjusted to separate the economic classes. This can allow a less affluent individual or local person to pay lower prices than that of an affluent person. The informal markets also allow a reduction in class boundaries as they reduce everyone to the same level. Everyone is required to bargain or interact socially for his or her goods and services. The aspect of a large non-direct purchase without social interaction is not possible in the informal economy; this contrasts with the current economic models, which seems to encourage remote buying or robotic silent transactions (Ruzek, 2015).

2.7 The Informal Sector in Zimbabwe

2.7.1 Drivers of Informal Activities in Zimbabwe

The following section looked at the factors that drive informal activities in Zimbabwe. Onwe (2013) noted some reasons for the expansion of the informal sector which include weak institutions, layoffs, lack of government support, economic turmoil, and poverty. In Zimbabwe's case, Sakuhuni (2014) attributed the causes of the informal economy expansion to internal migration, unemployment, structural adjustment (ESAPs), economic collapse, and poverty.

2.7.2 Internal Migration

Rural to urban migration coupled with the demand for cheap goods produced by informal entities have contributed to the growth of the informal sector. After Zimbabwe gained independence in 1980 rural-urban migration was no longer restricted as it was during the colonial era (Crush & Tevera, 2010). According to Sakuhuni (2014), this presented the opportunity for people residing in the communal (rural) areas to migrate to urban areas in search of job opportunities. According to Potts in Crush and Tevera (2010), there was emphasis on the urban-based economic development by the government as well as an increase in public sector employment to deliver services such as health and education to the African population. Unfortunately, job opportunities were scarce therefore the absorption of new workers into the

labour market was difficult. This was due to the level and speed of economic development failing to match the high population growth in urban areas caused by mass rural to urban migration. Thus, resulting in the formal sector failing to absorb new entrants into the labour force.

Rupani (2014) wrote that the opening of industries resulted in economic aspirations for those living in the rural areas and this began the drift of rural-urban migration. However, due to the failure of industrial development to adequately provide employment in these areas, it led to those who had migrated from the rural areas to urban areas opting not go back home. They decided to find employment in the informal sector.

Stark and Taylor (1991) argued that there is a correlation between the rural-urban migrant pool of labour and the growth of the informal sector. The decision for migrating to urban areas is that it is highly motivated by prioritising family needs and making sure that they have better standards of living. Thus, the perception has always been that migrating to urban areas results in securing formal jobs. But that is never the fairy tale scenario. Instead, people who migrate to these urban areas, fail to secure formal employment and venture into the informal sector to generate income and survive.

2.7.3 Unemployment

The expansion of the informal sector has been attributed to the limited capacity of the formal sector to absorb excess labour. Zimbabwe's unemployment rate has risen from 11% in 1982 to above 50% in 2013 (Ncube, 2000; Sakuhuni, 2014). Rupani (2014) argued that the failure of developing the industrial sector to create jobs and income earning opportunities led to many in the surplus labour force creating their own means of employment and income generation in the informal sector. The inadequate industrialisation in many cities has forced many citizens to seek other employment opportunities in the informal sector since it is characterised by unemployment and retrenchment.

An article by Ray Ndlovu from The Times (2019), wrote that at least 96 companies had closed during that period showcasing the magnitude of retrenchments in Zimbabwe. The companies that closed were part of the crucial sectors such as transport, finance, mining and agriculture. Foreign currency shortages and hyperinflation are some of the factors that contributed towards

this economic downward spiral. This left people with no jobs resorting to the informal economy to survive.

Onwe (2013) argued that the lack of appropriate mechanisms to create formal jobs have led to the growth of the informal sector, especially in developing countries. Additionally, the barriers to entry for formal employment such as a tertiary educational qualification has prevented so many people, especially the poor, from obtaining formal employment. This has resulted in people engaging in activities such as petty trading which has become the only source of livelihood for them and their families.

Even if one has access to a formal job, not having possessed tertiary qualifications places them at a disadvantage which forces them to engage in informal sector activities. This is because a tertiary qualification often puts people in a better position to get a job in the formal sector.

2.7.4 The ESAPs

The ESAPs were a set of prescribed economic policies in the 1980s and 1990s by the IMF for developing nations that faced an economic crisis. The IMF made governments implement certain policies such as reducing public spending and downsizing key areas in the public sector. Zimbabwe adopted ESAPs in 1991 after years of using a high interventionist economic strategy (Kanyenze, 2004). Focusing on the informal sector, a key factor why ESAPs were implemented was because there was a rapid increase in civil service employment and expenditure on social services. This led to an increase on taxes and a budget deficit which was financed by public borrowing, causing major problems in the Zimbabwean economy (Brett & Winter, 2003).

The introduction and adoption of the ESAPs in developing nations exacerbated the growth of the informal sector in those countries. Tamukamoyo (2009) posited that the free market policies of structural adjustment placed emphasis on less state intervention and favoured a free market driven economy. This led to mass downsizing of the public sector which resulted massive unemployment forcing many people to resort to informal work to generate income.

The ESAP adoption in Zimbabwe was seen as a failure and a catalyst for the economic turmoil in the late 1990s. Growth was poor, unemployment increased and many industrial firms closed most notably those in the footwear and textile industries. Living conditions in the communal

areas worsened and social services for the poor also deteriorated. This led to an increase in inequality and exclusion which forced many to venture into the informal sector (Brett & Winter, 2003).

Structural adjustment was a by-product of capitalist driven mechanisms that drove informality. This was caused by firms attempting to reduce costs and increase competitiveness causing retrenchments (Chen, 2012). Additionally, Baz and Zeparu (2014) noted that ESAPs became associated with the growth of the informal sector because deregulation of certain policies created individual entrepreneurship.

The ESAPs left many people without employment, and this resulted in a rapid expansion of the informal sector. People who were laid off because of ESAPs were accustomed to a certain lifestyle before, so they had to adapt to make ends meet and engaging in informal sector activities was a means of survival.

2.7.5 Economic Downturn

Political and economic instability contributes to the development of conducting poor business and this often creates a bad business culture among the people. This political and economic uncertainty results in the reluctance to invest in the economy by locals as well as foreign business because of the possibility of severe constraints and no guarantee for good return on investments. For instance, the 1991 Gemini study of Zimbabwe showed that the informal sector in 1982 was at 10% and it hit an all-time of 27% by 1991 (Kanyeze et al., 2003). Several factors contributed towards the downward spiral of Zimbabwe's investment landscape. This ranges from political instability, economic downturns and international sanctions that occurred simultaneously coupled with a poorly implemented land reform program around the early 2000s which led to many people venturing in the informal sector.

After that period the informal sector expanded because many households began to supplement their incomes from the formal sector to make ends meet. This notion was strengthened by the school of thought that informal workers voluntarily choose to work in the informal sector after running a cost benefit analysis that saw the informal sector more beneficial (Chen, 2012).

On the contrary, Hamadziripi (2007) argued that ESAPs prescribed policies by the IMF were a catalyst that initiated problems such as indigent economic performances, corruption, and

mismanagement of the economy just to name a few. The upward projection Zimbabwe was headed towards began to dwindle and this made some people choose the informal sector which was an indicator of how the Zimbabwean population was willing to be resilient, adapt and innovate to adjust to the economic collapse.

2.7.6 Poverty

Ngudu (2010) argued that partaking in informal sector activities is not by choice for many but a strategy or method of survival to avoid poverty. Privatization, closure of firms and loss of a bread winners income are some factors that increase an urban household's vulnerability to poverty. Lack of support schemes from the government exacerbates poverty and this often contributes to the growth of the informal sector.

Most people have been forced to engage in informal activities as a means of survival. Initially, those who engaged in informal activities for survival are those that were negatively affected during the structural adjustment period in the 1990s. Later on, those who could not resist the heat of hyperinflation during the economic meltdown in the 2000s also joined the wagon. Cross border trading became very common where people travel to countries such as South Africa, Zambia, Tanzania and as far as China and United Arab Emirates (Dubai) and bring clothes, electrical gadgets and groceries to sell informally.

This section looked at the informal sector. It looked its determinants, characteristics, challenges and benefits. It also looked at the informal sector through the lens of the Zimbabwean context. The next section will look at the mobile money.

2.8 History of Mobile Money

The earliest form of a mobile banking service was used in the 1990s by European banks. This was via the mobile SMS service, and it was known as SMS banking. It evolved in the late 1990s to early 2000s when the internet began to gain prominence and this was around the same time smartphones were introduced with WAP (Wireless Application Protocol) support, allowing the use of the mobile web in 1999 (Pandey, 2019; Cleveland, 2016). In America large banks like Wells Fargo offered simple services on their websites such as viewing account balances and finding an ATM close by, but they did not offer a lot of interactive services.

During the early 2000s it was very unclear how the evolution of mobile money services would be but many thought that it would be limited to personal computers and the idea of smart phones and smart watches being more influential in banking was far from it (Cleveland, 2016).

Mobile banking during its primal stages did not thrive because of several factors. Their websites were not user friendly which made it difficult to use. Poor functionality, slow refresh speeds and limited features served as reasons why customers did not adopt such banking channels beyond physical branches and ATMs. Web hosting grew to be costly for banks and their inability to change the functionality made it more difficult. Profitability and Investor performance were crucial aspects by banks when investing in mobile banking technology. As written by Cleveland (2016, p. 6), “it was unclear in the early days how current or concept mobile services would interact with the existing offerings, and the employee base, as well as support the bank brands that had been built on personal customer service”.

The arrival of smartphones in the mid-2000s changed the landscape of mobile banking. With the introduction of the smartphone, there was a new outlook on how mobile banking would change. Before smartphones, consumers found it difficult to view their financial information because the screens were often too small. Some banks offered this service but discontinued it because of the lack of usage and interest. For example, in 2002 an American bank called Wells Fargo developed a mobile banking platform that only had 2500 customers enrolled. Due to lack of interest, they removed the service (Morrison, 2019).

The rapid evolution of several technologies around the time the smartphone was introduced also changed the landscape of mobile banking. For instance, the rapid changes in telephones transmission from copper wires to wireless and expanded bandwidth allowed banks to relaunch mobile banking. The advancement of wireless technologies forced banks to adapt as well. Some banks learnt from their mistakes and began offering mobile device applications (apps) that were more user friendly. As the technologies improved and app development began to rise, mobile banking made another entrance around 2009 and there have been steady increases ever since (Cleveland, 2007).

There are approximately 7 billion people in the world and 6 billion have mobile phones but only 2 billion have access to bank accounts (GSMA, 2019). Emerging (developing) markets were put in a unique situation where there was a high adoption of mobile phones, but many

were unbanked. For example, in India, there are 900 million of an estimated 1,2 billion people with mobile devices but only 250 million are banked. Governments saw mobile penetration as a tool to achieve financial inclusion for the unbanked and profit driven companies viewed this as an opportunity to diversify and reach new customers. These new services involved the use of a mobile phone and sim card to store money, make Peer-2-Peer (P2P) transfers to friends and family, pay for utilities and make mobile payments to retailers. This led to be the inception of mobile money (Gupta, 2013).

The poster child for mobile money innovation has been M-Pesa of Kenya which was launched by Safaricom in 2007. As of 2019 it has gained 37 million active users (Kenya has a population of 47,5 million people) and has carried out over 11 billion transactions (Vodafone, 2020; Kenya National Bureau of Statistics, 2019). With the success of M-Pesa, Safaricom innovated more and launched a new banking service called M-Shwari in 2012 that allowed its customers to open a bank account through their mobile devices without the need to visit a bank. It was launched with a variety of services such as obtaining micro loans and getting interest on saving. (Safaricom, 2020). Other examples of such success include MTN in Uganda, Vodacom in Tanzania and FNB in South Africa. These innovative successes have inspired other companies to launch similar services. On the contrary, many of these services have been unsuccessful. A study by the World Economic Forum showed that four countries - Kenya, Tanzania, Ghana and Philippines - had achieved more than 10% adoption of mobile services among its population (Gupta, 2013; World Economic Forum, 2011).

2.8.1 ICTs and their Contribution to Development

The Information and Communications Technologies (ICTs) in a broad sense are referred to as “technologies that provide access to information through telecommunication. It is like Information Technology (IT), but it focuses primarily on communication technologies. This includes the internet, wireless networks, cell phones and other communication mediums” (Ratheeswari, 2018, p. 45). The use of ICTs has empowered various users to have quick access to information and more effective communication (Sephehdoust & Ghorbanseresht, 2019). To add on, ICTs have enabled interactive communication between countries and people. A further aspect of ICTs in terms of their information transmitting function includes the fact that the attributes of ICTs allow users to build and create opportunities which facilitate development at both the national and personal level (Geldof & Unwin, 2005).

Over the past two decades, ICTs have been of paramount importance because researchers have been encouraged to discover its impact on poverty reduction (Toader et al., 2018). The use of ICTs such as mobile money among low-income groups has empowered these groups to boost their capacity and this has allowed them to have access to employment creation, access to entrepreneurship opportunities and the ability to carry out financial transactions at lower costs (Chen et al., 2018; Elder et al., 2013). ICTs have been described as a means that can help countries evolve in their development and overcome technology barriers which may result in economic development (May & Adera, 2011).

ICTs are essential tools for having a positive impact on development. This is because they can empower users and be a catalyst for income generation. To add on they also have the potential to give users access to education and other social services. ICTs such as mobile phones have been essential to businesses operating in the informal economy because through an effective means of communication, it has attracted more business (May & Adera, 2011). For example, mobile phone usage in Kerala, India, has enabled the fishermen in that region to have good relations with their customers due to improved information and better functioning markets (Jensen, 2007).

The notion that ICTs boost development and reduce poverty in low-income countries has raised development policy debates among scholars who are experts in this field. The argument that forcing low-income countries to embrace ICTs may not be beneficial. This is because ICTs may be more costly than providing economic benefit (Mpogole et al., 2008). Hence if ICTs are prioritised over other key development areas such as food security & health then this may affect the social welfare of many citizens (Heeks, 1999). In addition, using ICTs as a poverty reduction mechanism may not be successful if they are not in demand for that specific area. For example, in rural India they launched the Gyandoot initiative that led to the creation of computer kiosks with the intention to increase computer usage in rural India. In 2000 they won numerous awards and two years later in 2002, the buzz around the Gyandoot project was no more. Later studies revealed that these kiosks were abandoned because of the low usage rates and there were a few indicators of developmental benefits (Heeks, 2005).

Another negative outcome of ICTs is that it can be a cause for human rights violations. Human rights concerns have been brought to light over the possibility that child labour has been used

in the mining of minerals which have been used to manufacture ICT devices. Furthermore, ICTs may trigger intra-household conflict especially in patriarchal-led homes where the man is the head of house and has control over the resources. This form of domination may comprise the household because this may disrupt the allocation of household resources such as food and other essential items if the head of the household is prioritising the financial on ICTs (May & Adera, 2011).

2.8.2 Adoption of MMTs on the livelihoods of the Poor in Developing Countries

Access to ICT devices such as mobile phones has the ability to improve the standards of living for the poor in developing nations by serving as a channel to services such as health care and banking (Mothobi & Grzybowski, 2017). The uptake and adoption of ICTs, including MMT services vary from nation to nation, and this is determined by the legal, social and economic structures within those nations. For instance, certain legal policies such as weak risk managements systems may put customers at a high risk, and this may cause various constraints for Mobile Network Operators (MNO) from providing financial services via mobile independently (Merritt, 2011; Morawczynski, 2010). Several studies have shown that the use and adoption of MMT services varies and this has often led to success in developing nations among low-income groups, but not in others (Diniz et al., 2011). Several factors determine the failure of adoption and uptake of MMT among low-income non-users and these are issues of trust, costly transactions, language barriers and low levels of literacy (Deen-Swarray et al., 2012; Nandhi, 2012; Torero & Von Braun, 2006).

MMT services have assisted in the transformation of the socioeconomic lives of low-income groups in developing nations. In some instances, the use of mobile phones has been a replacement for the consumption of basic needs. A study by Medhi et al. (2009) was conducted and it looked at the uptake of mobile banking services for the low income and low literate users in South Africa. This was via a South African mobile money service called WIZZIT which was determined by a user's preference or based on necessity. Medhi et al. (2009) claimed that respondents who work on farms in South Africa used WIZZIT to send and receive money for personal usage. Employers encouraged their workers to sign up for the service for them to receive their salaries. A later study by Makore (2011), showcased the influence of WIZZIT among the urban poor in Johannesburg and he asserted that the service was mainly used to complement the existing formal and informal financial services.

Trust is a key determinant in the uptake of MMTs among users. Medhi et al. (2009) discuss that the reason why there was a slow uptake of MMT services such as WIZZIT is because there was a lack of trust and awareness with the service. However there have been instances where trust has been a key determinant in the success of an MMT service. For example, M-PESA in Kenya. Users trusted the network provider, Safaricom, with their money more than M-PESA agents who serve as liaisons who carry out transactions for the users. This is because agents were allegedly robbing from clients and this was made worse when there was a delay of a transaction of a clients being sent from another user (Medhi et al., 2009; Morawczynski & Miscione, 2008)

Ineffective communication and poor dissemination of information can be detrimental towards the uptake and usage of MMT services in developing countries among the low-income users. Medhi et al. (2009) argue that most of the service providers use too much technical terminology on their marketing material which may not be understood by users who have low literacy. For example, users may have a difficult time trying to work around on how to find the correct application to use for MMT services. This may require the use of our colleagues or agents to assist.

2.9 Key Drivers of Mobile money

This section will look at the key drivers of mobile money. These are Lack of access to formal banking services, remittances, cutting out the middleman and convenience.

2.9.1 Lack of Access to Formal Banking Services

According to Yakub et al. (2013), the emergence of mobile money has allowed many households to have access to financial services especially those that are poor. Apiors and Suzuki (2018), defined financial inclusion “as the full range of services (payments, savings, credit, and insurance), to specific quality features of delivery (for example, stability and affordability), inclusiveness (with special focus on the poor), and choice (offer of service by a range of institutions)” Apiors and Suzuki (2018, p. 1). Even for small companies or start-up businesses, lack of access to these formal financial services has been detrimental to their growth and this has put a variety of constraints on their expansion. The World Bank in 2014 indicated that over two billion adults are unbanked meaning that they do not have access to formal

financial services. The ACP Observatory on Migration (2014) wrote that reasons why many people that are excluded is because of barriers such as transactional costs, location and documentation.

The first is that that of documentation. Documentation requirements tend to hamper people from opening bank accounts because this often limits eligibility. This is because the workers maybe operating in the informal sector and they are likely to not possess wage slips or proof of residency (Allen et al., 2016). The reason for documentation is essential because there have been concerns about fraud, money laundering and the possibility of terrorist financing. This has unplanned consequences of excluding valid businesses and consumers from the financial system (Demirguc-Kunt & Klapper, 2013).

The second has to do with trust. Distrust in financial institutions is a barrier that is difficult to overcome. The distrust can stem from various causes such as poor local governance, economic crises, previous bank failures and uncertainty about the future (Demirguc-Kunt & Klapper, 2013). Confidence between clients and financial institutions is crucial, especially in less developed countries that are faced with such incidents in banks and trust is undermined (Babajic et al., 2018). Some unbanked users also tend to avoid traditional financial institutions because of their past experiences which tend to be negative. It can range from being disrespected by banking employees or receiving poor service or treatment (Jamison, 2017).

The physical location of a bank and other key financial establishments is another barrier that ensures that people in the informal sector remain unbanked because they are not accessible to them (Beck et al., 2006). Mobility constraints and weak infrastructure make travelling to the closest access point more costly (Babajic et al., 2018).

Affordability is another essential factor that contributes to the informal sector being unbanked. Fixed costs and yearly fees often make small transactions expensive for most people. Those with little or no capital, especially vulnerable groups, may not be able to maintain and afford a bank account (Babajic et al., 2018). For example, to maintain a checking account in Sierra Leone, an adult had to pay an equivalent of 27% of that country's GDP per capita in yearly fees and this is very costly (Allen et al., 2016; Beck et al., 2008).

According to Demirguc-Kunt (2015), 23% of adults living below US\$2 a day have access to a bank account. In Sub-Saharan Africa, only 14% have access. A key factor as to why a lot of people are unbanked is because traditional banks infrastructure is too expensive to reach the poor and rural. Thus, those who are unbanked are likely to look for other credit sources in the informal market (Asongu, 2018). GSMA (2019) showed that of the estimated 7 billion people in the world, 6 billion have access to mobile phones and a billion of the unbanked people have mobile phones. The UNCDF (2013), they wrote that across the Least Developed Countries (LDC's) including 40 African, Caribbean and Pacific (ACP) countries, that are UN-designated, mobile phone penetration was 30% whilst while access to a formal bank account was at 14% on average.

Mobile money as a financial inclusion tool is said to have the potential to provide access to financial services to the 2 billion unbanked adults and the various informal and formal start-ups in developing economies that lack access to affordable financial services (Apiors & Suzuki, 2018). Mobile money services have been introduced in developing countries as a mechanism to foster financial inclusion for the unbanked (ACP Observatory on Migration, 2014). With Sub Saharan Africa being the fastest growing market for mobile phones, Mobile Network Operators (MNOs) have become more efficient than traditional banks and they have established themselves as more effective when it comes to nurturing and managing low-cost distribution networks of Cash-In-Cash-Out (CICO) agents in underserved areas (International Telecommunication Union, 2009; di Castri, 2013). The GSMA (2021) estimated that there are 310 mobile money deployments around the world coupled with over 1.2 billion registered accounts and 300 million active users. Additionally, GSMA (2021) also illustrated the significance of Africa's mobile money growth as the numbers stood at 562 million registered accounts which account for almost 47% of the total mobile money registered accounts in the world.

2.9.2 Remittances

Mobile money service providers have been dedicated to facilitating international remittances in manner which is safe and responsible since international remittances are perhaps the largest source of external finance in developing countries (GSMA, 2017; World Bank, 2005. The UNSD (2006:7), defined remittances as “all current transfers in cash or in kind made, or received, by resident households to or from other non-resident households”. According to

Correia et al. (2017), they demonstrated the significance of remittances as a vital source of income for many middle and low-income households in developing countries and that provide the physical currency required for importing limited or scarce inputs that are not available domestically and savings for economic development.

Research conducted by the GSMA (2018) revealed that in 2017 there were 184 remittance corridors where mobile money was being used to send or receive international remittances. Formal remittances that were recorded from the 184 remittance corridors that year, reached over US\$74 billion representing 12,1% of all formal remittances globally. GSMA (2017) illustrated that mobile money has the capability of increasing the receipt of global remittances and this facilitates broader financial inclusion. People who receive remittances on their mobile money account have the preference of storing their money safely and use this money in several ways without having to withdraw all the money. For instance, people can make digital payments to purchase goods such as bread like in Tanzania with Lipa Kwa M-PESA or pay school fees like in Cote d'Ivoire with Orange money. In the same report, the GSMA (2017) demonstrated that people receiving international remittances via mobile money have had the opportunity to buy government bonds like in Kenya via M-Akiba and this fosters investment in the local economy.

Reducing remittance costs is another essential component that has been addressed. It is part of the Sustainable development Goals (SDG) point 10.c, which is by 2030, there should be a reduction of transaction costs to 3% of migrant remittances and eliminate remittance corridors with costs higher than 5% (Sustainable Development Solutions Network, 2015). The cost of sending money via a mobile money account is on average 50% lower than doing so via traditional channels. Even when recipients opt to cash out immediately, the end-to-end transaction cost is, on average, 21% cheaper than that of the main formal channels (Farooq et al., 2016). Results from the World Bank's Remittance Prices Worldwide initiative validates these findings and in many remittance corridors, mobile money sending costs are already below the SDG target of 3% (GSMA, 2017).

2.9.3 Cutting out the Middleman

Before the introduction of mobile money, many people who were unbanked relied on sending money via informal physical remittance corridors because formal remittance channels were

expensive. One of these channels is sending money via a third party such as cross border transporter. This person can be called an “*omalayisha*” a term used by (Thebe & Matyatyu, 2017). The *omalayisha* are cross border transporters who “provide a very convenient service of usually same day or overnight delivery, often right to the homestead” (Solidarity Peace Trust, 2009:26). They move items such as food, clothing money and even people. However, they tend to be very costly to use, charging between 20% and 40% on top of the value of the items to be delivered (Solidarity Peace Trust, 2009).

The system emerged in the 1980s as a much more convenient way of moving money, goods and even people to different countries (Thebe & Matyatyu, 2017). This system is being used today, but the rise of mobile money has made it more competitive when it comes to handling money. A key component of such a system is the social characteristics they possess. Maphosa (2010) illustrated that the relationship between the *omalayisha* and their clients is more than a transaction, it is a relationship based on trust and this trust is earned through being reliable, honest and having good people skills.

However, the drawbacks of the cross-border system have created a window for mobile money to be more convenient for people wanting to send or receive money. Sending money via a transporter can be very costly. In some cases, Merritt (2011) addressed how transporters in Ghana had to pay up 20% more to be able to send money. Even when the fee is paid, conflict can arise between the client and the transporter. Factors that influence this can be include breakdown of trust, lateness, and failure to deliver the good or money (Thebe, 2011). Though this transporter system is still active today, the mobile money system has allowed for customers to cut out a third party, empowering them to have more convenience and accessibility to send money directly via a mobile money service.

2.9.4 Convenience

The element of convenience is another aspect that is a key driver mobile money. Mobile money allows people to send and receive money whenever it suits them. The freedom from the opening hours of traditional remittance institutions makes life easier for those who reside in remote areas or those who do not have flexible work schedules.

The use of agents, mobile money middlemen who facilitate services such as customers registration and cash in / cash out transactions (Jenkins, 2008), has also increased the density and reach of mobile money distribution networks. This means that, when one does need to interact with an agent, that agent is likely to be relatively close should they need them (GSMA, 2017). In 2016, mobile money providers were served by over 4 million agents, reaching beyond urban areas. For example, Airtel Money customers in Burkina Faso, who receive international transfers from Côte d'Ivoire were based in rural areas.

The aspects of price and convenience are not the only facets that consumers value about mobile money. Account holders have the freedom to conduct transactions independently and they can do this from the safety and comfort of their homes. They also retain a record on their mobile device of that has been sent and received. Issues such as privacy, security and transparency can be key factors in the decision to use formal digital channels or informal alternatives such as sending money via a third party (GSMA, 2017).

2.10 Mobile Money in Zimbabwe

Zimbabwe once had a well-developed financial sector but in 1998, the Zimbabwean economy collapsed and this birthed an unstable decade of hyperinflation, currency collapse, increased unemployment and loss of confidence in the banking sector. The collapse of the local currency, the Zimbabwean Dollar, caused inflation to rise as high as 231, 000, 000% and prices of goods in retail shops various other places of commerce rose exponentially and this was occurring almost every day. Money held in banks lost value forcing people to queue and withdraw as soon as possible forcing banks to put stringent limits on cash withdrawals that forced customers to open more account to access more money. The government in the meantime, printed more money and these notes became worthless every day causing more cost push inflation. Thus in 2009 the local currency was abandoned, and Zimbabwe began to use a multi-currency system led by the United States Dollar (US\$). This shift began to stabilize the economy but there were certain aspects that needed to be ironed out (Levin, 2013).

Consumers trust in banks took a big knock on the financial institutions because of hyperinflation. When the multicurrency system was introduced banks found it hard to assign values to worthless trillion of Zimbabwean dollars in peoples bank accounts and this led to many balances to being wiped out (Dermish et al., 2012). Various customers were reluctant to

open new accounts because of their lack of trust in the banks and they opted to use informal financial services instead. This further reduced financial inclusion (Levin, 2013; Comviva, 2018).

Zimbabwe has been traditionally a cash intensive society and this has often resulted in the penetration of banking services to be very low. Only 32% of Zimbabwean adults were formally banked. With the currency change in 2009, it eased the economic crisis but led to a cash-crunch, and the multicurrency system caused a lot of confusion and the change problem. For example, customers had to buy goods they did not want ranging from sweets to biscuits to complete the US\$1 bill (Serrao et al., 2017; Comviva, 2018).

In Zimbabwe, access to financial services for vulnerable groups was always a major concern. The RBZ through their monetary policy of 2011 has been urging banks and other financial institutions to create products that are innovative and affordable to the unbanked (Munyoro et al., 2017). Other factors such as liquidity challenges that affected Zimbabwe's financial sector in the past two decades coupled with high bank charges gave way for telecommunication companies to innovate and provide alternative financial services (Chitimira & Torerai, 2021). The widespread use of mobile phone technology managed to open new markets, most notably in the financial sector with mobile phones being used to provide financial services (GSMA, 2017).

The advent of mobile phone technology led to local Zimbabwean telecommunications company Econet to create EcoCash, a mobile money service in 2011. Econet, a telecommunications company and the largest operator in Zimbabwe with over 11 million subscribers at the time, decided to take advantage of mobile phone craze in Zimbabwe and launch a mobile financial service that could cater to a large audience and perhaps foster financial inclusion for the unbanked. Factors such as trust from its customers and a large recharge agent network heightened their chances of success. Econet thus decided to convert the cash problem into an opportunity by the mobile money service EcoCash. EcoCash was launched in September of 2011 and has proceeded to grow. On its launch, the platform was a mobile money transfer facility that carried out basic tasks such as sending and receiving money (Pindula, 2019; Comviva, 2018).

Apart from Econet launching EcoCash, other telecommunications companies introduced their own mobile money platforms in 2011. NetOne launched OneMoney, Telecel launched Telecash. This was an effort to attract and poor and low-income who were underbanked or had no access to formal financial services. Though these two, NetOne and Telecel, have had a significant role in fostering financial inclusion and creating alternative financial services, EcoCash still has a bulk of the market share for active mobile money subscriptions this being 85.5% whilst Telecash has 0.1% and OneMoney has 14.4% (Chitimira & Torerai, 2021; POTRAZ, 2020).

2.11 Technological Acceptance Model

The Technology Acceptance Model (TAM) is an adaptation of Ajzen and Fishbein's Theory of Reasoned Action (TRA) which advocates that behaviour is a direct result of behavioural intention (Koenig-Lewis et al., 2010). The aim of the theory is to describe various dynamics "that determine technology acceptance, information technology usage behaviour and to provide a parsimonious theoretical explanatory model" (Bertrand and Bouchard, 2008: 200).

Teo (2013) found various factors that promote the use and approval of technology. These are individual differences, beliefs, social influences, attitudes and situational influences. According to TAM, it attempts to look at the acceptance of new technology as explained by behavioural intention (cognitive decision-making process to perform a behaviour or action) that is guided by an individual's attitude towards using the technology (Correia et al, 2017; Das & Pal, 2011). This is influenced by two psychological components which are the Perceived Ease of Use (PEU) and Perceived Usefulness (PU) which are the important elements of technology acceptance and customer behaviour (Ducey, 2013).

Perceived Ease of Use – Davis (1989, p. 320) defined Perceived Ease of Use (PEOU) as "the degree to which a person believes that using a particular system would be free of effort". In other words, ease of use means freedom from complexity or trouble. Thus, an application that is perceived to be easier to use is generally accepted and utilized by more people" (Durodolu, 2016, p. 13). In relation to mobile financial services, PEOU looks at whether these services are easy to learn and use and several studies have shown that there is a positive relationship between PEU and behavioural intention (Davis, 1989).

Perceived Usefulness – Davis (1989: 320) defined Perceived Usefulness (PU) as “The degree to which a person believes that using a particular system would enhance his or her job performance”. Additionally, Davis (1989) also believes that people are naturally motivated for better performances by raises, promotions, bonuses and other rewards. Riquelme and Rios (2010) express how PU plays a significant role in the adoption and use of mobile money. Wei et al. (2009), conducted a study of mobile commerce in Malaysia and found that PU had a positive correlation with the customers intention to use the mobile commerce service because it was beneficial for them.

The TAM model is not perfect and thus it is met by some criticism by a variety of research. Whilst TAM provides feedback on two elements, this being (1) ease of use and (2) usefulness, Legris et al. (2003) wrote that it does not provide any feedback on critical elements such as integration, flexibility and completeness of information. Another criticism of the TAM that Tamminen and Salovaara (2009) identified is that it does not take into consideration the likelihood that technology maybe accepted but later abandoned, the opposite being true. A case in point is by Davis et al. (1989, p. 988) who wrote that “in contrast, TAM’s Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) are assumed to be a priority and are meant to be fairly general determinants of user acceptance”. Thus, due to such assumptions, Tamminen and Salovaara (2009) demonstrated that TAMs are not “sensitive to cases in which the context of use is changing or the relevant aspects of use are somewhat unknown. This complicates comparisons across cases as well as overall generalizations from the results”

2.12 Analytical Framework

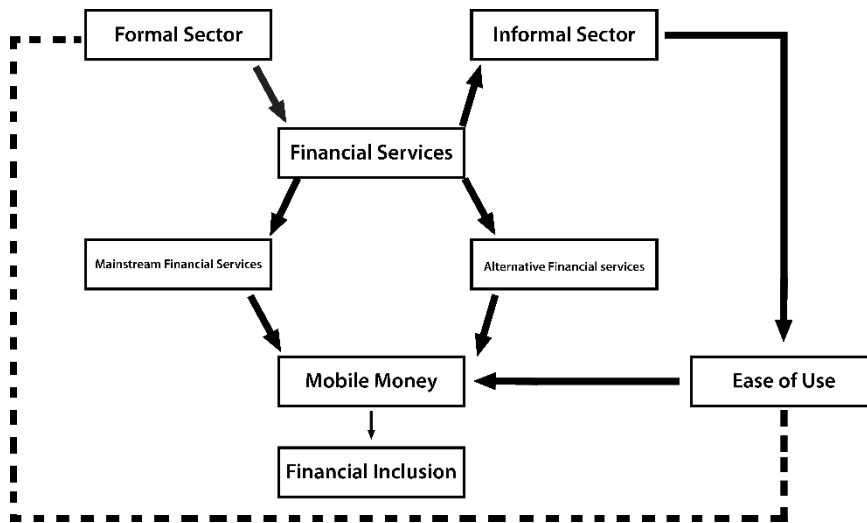


Figure 1 Analytical Framework Diagram

The analytical framework of the study was guided by the main concepts of the study, and these are the informal sector, ease of use, mobile money and financial inclusion. The aim of the framework is to show the link between the different concepts of the research and how they inform the research. The main subjects are the informal workers in Harare, Zimbabwe and how they use mobile money as a financial inclusion tool. Since they are not one standardized group, they are split into two categories the formal and informal sector.

The diagram below illustrates the conceptual framework of the study. Financial services are at the centre, and they split into mainstream financial services such as banking and alternative financial services such as mobile money. Formal sector workers have access to mainstream or traditional banking services whilst informal workers do not. It is important to also note the link between the use of the use of alternative financial services such as mobile money by informal workers, ease of use for the service and financial inclusion.

2.13 Chapter Summary

This chapter examined literature concerned with mobile money and the informal sector. The chapter began by dissecting the concept of the informal sector and it looked at its factors, challenges and benefits as understood in literature. It also looked at the informal sector from a Zimbabwean Context. The chapter then explored mobile money and its contribution to ICTs,

its history, the adoption and usage of MMTs and on developing countries and factors that determine mobile money, It also looked at the mobile money from a Zimbabwean Context. The theoretical model applied and the analytical framework. The next chapter will look at the methodology of the research

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This study examines the significance of the EcoCash mobile money service in fostering financial inclusion in the Zimbabwean informal sector. The previous chapter was a review of relevant literature, and this chapter presents the methodological approach adopted by the study. The methodology adopted for the impact of mobile money in the informal economy is steered by the objectives of the focus of the study. This requires the implementation of a specific research design and approach. The chapter begins by looking at the qualitative research design adopted by the study, before discussing the research methods and tools used by the research to extract data used in developing the argument of this dissertation. It describes the secondary sources of data used and how these informed the direction of the dissertation, and the interviews. The chapter then looks at the data analysis approach and the research issues involved. Lastly, the chapter describes the fieldwork challenges encountered and how the researcher managed to negotiate and solve these challenges in ways that did not compromise the research process.

3.2 Research Design

Research design refers to the choice of the specific methods used in data collection and analysis in research (Dudovskiy, 2019). The research design in this study is a case study design within a qualitative tradition. According to Mesec (1998), a case study aims to explore an individual matter or phenomenon with the purpose to identify variables, structures, forms and orders of interaction between the participants in the situation. The focus of this study is the Zimbabwean informal workers who use EcoCash mobile money service. These informal workers are the unit of study and they served and were subjected to an in-depth analysis of their circumstances and financial practices. A qualitative approach was used to explore how mobile money has impacted informal workers in Zimbabwe. Atieno (2009) wrote that qualitative research seeks to allow the researcher to find new ways of explaining existing data. This is essential because some research comprises of historical data that maybe explained in a different way in

comparison to the original interpretation because a new finding maybe made that may be useful.

The case study initially consisted of 16 participants, 8 men and 8 women working in the informal sector in Harare, Zimbabwe. However due to an increase in Coronavirus (Covid-19) cases around the time of interviews, 15 people were interviewed. This being 8 women and 7 men. The research technique that was adopted was the semi-structured interviews with all 15 participants.

3.3 The Study Area

The case study was conducted in Harare which is the capital city of Zimbabwe (Shown in the figure below). The city is situated in north-eastern Zimbabwe region, and it serves as a metropolitan province. It is the largest city in the country constituting an estimated 3 120 917 in the metropolitan area in 2019 (Zimstat, 2019). The City of Harare is characterized by a radial road network with the Central Business District at its core, coupled with the industrial areas to the east and the south (Gamanya et al., 2009). It is the commercial capital of Zimbabwe which has seen economic growth and downturns since the early 2000s. It is a pivotal centre of commerce, government and finance in Zimbabwe.



Figure 2 The Map of Harare (Sourced from Google Maps)

3.4 Sampling Method and Sample Size

The study utilised purposeful sampling and snowball sampling. Purposeful sampling is widely used in qualitative research by a researcher to identify, select and focus on characteristics of a population that are of interest to the researcher, therefore enabling the best answers for the research questions. The sampling technique is mainly used in qualitative research and allows the researcher to decide what needs to be known and they set out to find people who are willing to provide information coupled with their knowledge or experiences of the research at hand (Etikan et al., 2016; Suri, 2011).

Apart from knowledge and experience, Bernard (2013) notes that it is of paramount importance that the researcher identifies individuals who are available, willing to participate and they can express their opinions in an articulate matter for the study. The two main criteria which were used in selecting the sample are people working in the informal economy and that they are users of EcoCash. The sample consisted of 16 participants, 8 men and 8 women. However due to an increase in Coronavirus (Covid-19) cases only 15 people were interviewed. This being 8 women and 7 men to try provide a balanced gender account.

The snowball sampling technique is a popular technique among social scientists whereby a researcher begins with a small population of known individuals and expands the sample by asking those initial participants to identify others that should participate in the study. In other words, the sample starts small but "snowballs" into a larger sample through the course of the research. Snowball sampling is a very good technique for conducting qualitative research with a specific population which is somehow marginalised and difficult to find (Charles & Kirchherr, 2018). In this regard, the researcher, did not know the 15 informal workers, so the first set of participants gave referrals after their interviews of people who were willing to participate in the study.

3.5 Research Techniques

The study adopted two research techniques, which were further supplemented through a review of literature. This section is an analysis of the research techniques adopted by the study. These techniques were: 1) semi-structured interviews with the informal workers and 2) non-participant observations.

3.5.1 Semi-Structured Interviews

A semi-structured interview schedule was adopted. A semi-structured interview schedule according to Mathers et al (2002:2) is a “series of open-ended questions based on the topic areas the researcher wants to cover. The open-ended nature of the question defines the topic under investigation but provides opportunities for both interviewer and interviewee to discuss some topics in more detail”. According to McLeon (2014), semi-structured interviews are easy to transcribe because they contain a set of rigid questions which are utilised to guide a research project whilst the participants are at liberty provide in depth answers. They are easy to quantify, not burdensome to test for the reliability and generally quicker to conduct, especially if one is interviewing a large number of people (Whitehead, 2005). The researcher adopted semi-structured interviews because it allowed participants to have the liberty and flexibility to share their opinions and experiences in detail, while the researcher maintained a degree of control of the process.

The purpose of these interviews was to obtain personal accounts of Zimbabwean informal workers experiences and habits when it came to using financial services such as EcoCash. These interviews were conducted with each of the 15 informal workers who had agreed to participate in the study. Semi-structured interviews were used for the study because they facilitate physical interaction and assist the researcher in gaining knowledge of the participant’s perceptions, beliefs and accounts of the topic under investigation (De Vos, 2002; Burns, 1997). The use of semi-structured interviews allowed the introduction of new ideas by the interviewee which may have been missed by the interviewer and aided the research. It allowed participants the freedom to express their own views in their own terms.

The research questions were a guide during the interview process, and this allowed the participants to engage more and expand the discussion into areas related to the questions. It allowed the researcher to explore and investigate various themes by expanding on new lines of inquiry based on the responses of each participant. Some participants spoke about other key issues that were linked to their use of the EcoCash mobile money service. This provided the opportunities for follow-up questions and to tap into other areas that may have been of interest towards the research. In a semi-structured interview, language of the interview can be adjusted to accommodate the participant should they not be able to understand the question and avoid

misinterpretations (Kothari, 2004). This freedom of interaction was evident in the interviews conducted for this research, as the structure of this type of interview created space for this.

The sample consisted of 8 females and 7 males of varying ages and were selected to create a gender balance. This was also assisted by using a referral system which allowed a certain level of trust to be built between the researcher and participants. The selection process began with the selection of two airtime traders. They played a key role in shaping this study by referring the researcher to other informal workers who met the criteria developed by the researcher.

The referral system was particularly suitable as the study required the researcher to interact with the participants on a more personal level and create a level trust and confidentiality. This was made possible since the informal workers trusted the people that provided the referrals. This also allowed the researcher scope to explore issues that were otherwise going to be difficult if such a relationship was not established. Referrals also resulted in a group of informal workers with similar characteristics. Some of these informal workers knew one another which made the referral process easier.

The interviews took place in Harare around the Central Business District area and other surrounding areas where various informal workers operated. The researcher conducted the interviews one on one with informal workers to foster effective communication and interaction. Due to COVID-19, the researcher made sure that the participant and himself were wearing facemasks and kept a distance of at least 2 meters. The interviews were conducted in both English and Shona to make the participants feel comfortable. Most of the interviews were conducted in the Shona language which is the mother tongue of the researcher. This also helped participants to understand the questions to ensure the responses were correct.

Personal interviews also require a structure with predetermined questions and a method of recording (Kothari, 2004). Hence the interviews were semi-structured along with the research questions in the form of an interview schedule. An interview schedule was drawn up and to determine by the structure of the interview, the nature of the study and the objectives of the study. An interview guide is important as it provides reliable and comparable qualitative data (Mathers et al., 1998). One participant was interviewed at a time with the researcher recording

the responses given by the participant. Most participants preferred the interviews in private places away from their colleagues to avoid disruption. During the interviews with several participants, there was some noise such as cars driving in the street and bus conductors making noise looking for customers to board their transport vehicles.

The length of the interviews varied according to the responses given by the participant and ranged between 30 minutes to over an hour. Some of the informal workers that were interviewed had a lot to say and they were willing to share their experiences of the EcoCash mobile money service. Participants were briefed on the purpose of the research and were given consent form to read and sign before the interview was done. The researcher read the consent form for the participants to understand.

3.5.2 Non-Participant Observation

When one researches on mobile money, certain aspects require observations. Non-participant observations are also necessary to ascertain or confirm what one is told in interviews. “Non-participation observation is relatively unobtrusive qualitative research strategy for gathering primary data about some aspect of the social world without interacting directly with participants” (Williams, 2008, p. 561). Non-participant observation supplemented the semi-structured interviews. According to Barner-Barry (1986) non-participant observation involves observing participants without actively participating in their activities. Non-participant observation is a data collection method used with other methods such as interviews, document analysis and surveys. Non-participant observations are utilised extensively in case study research, whereby the researcher enters a social system to observe events, activities, and interactions with the aim of gaining a direct understanding of a phenomenon in its natural setting. This allows the researcher to be more open minded as they're an outsider looking inside a particular scenario. In this regard I was able to observe the youths conducting their business and make an objective analysis for this research.

Non-participant observation can be overt or covert. Overt means that research subjects know that researchers are present, and these can be combined with other methods, like in-depth interviews. Covert non-participant observation refers to observing research subjects without them knowing that they are being observed at all. Non-participant is more ethical if done

overtly because there are no ethical issues if people are aware they are being observe. In this regard I utilised overt non participant observation because participants were made aware of the data collection process before it began and this removed ethical issues (Barner-Barry, 1986).

The non-participant observations focused on the informal workers and how some of them conducted their business activities using EcoCash. This was done during the interview with an attentive eye to see how they operated using EcoCash. This ranged from them buying airtime to sending money to someone else.

The benefit of this approach was the objectivity provided to the researcher as observation helped patterns to appear from an objective perspective. For example, whilst engaged in non-participant observation, the researcher was able to compare the interviewees' responses with and how they conducted business after the interview was done.

3.6 Data Analysis

Data analysis can be described as a process of deduction, synthesis and re-configuring of data (Babbie, 1995). A thematic analysis was used to analyse the data. The process used for identifying, analysing and reporting patterns within data (Braun & Clarke, 2006). This helped the researcher have a better understanding of the collected data.

An inductive approach in analysis was used for the study to generate codes and emerging themes within the study. The inductive approach is a bottom-up approach that makes use of or is based on what the data collected for the study contains (Thomas, 2006). The codes and themes derived from the study serve a guide during analysis of the contents of the data. Thus, the analysis is based on the experiences of the research participants, giving the meaning assumption of a knowable world by voicing out these experiences (Braun & Clarke, 2012; Thomas, 2006).

3.7 Ethical Considerations

It is important to look at the ethical issues that may result from the study. Ethics are norms for conduct that distinguish between acceptable and unacceptable behaviour (Resnik, 2015). The main ethical considerations or concerns for this research include voluntary participation,

informed consent, anonymity, confidentiality, prevention of harm and storage of data collected. Each of these will be briefly discussed below.

3.7.1 Voluntary Participation

Participation in the study was voluntary. All the participants had to be advised that their participation was purely voluntary as indicated in the consent form. Thus, they could withdraw their participation at any point. It was also important to inform the participants that there would be no consequences for their withdrawal whatsoever. Communication was also done before hand via WhatsApp just to make sure the participants were okay with it.

3.7.2 Informed Consent

Informed consent from each of the participants had to be obtained before the research could be undertaken. For their understanding, the research was clarified to participants and forms of consent were given to them (Appendix 1). These contained information relating to the problem statement, the purpose of the study, the researcher's identity and contact details, the institution's identity, the essence of the study, the rights and responsibilities of the participants, benefits and once again the freedom to withdraw at any point. Each of the participants had to sign the consent form before the interviews started.

3.7.3 Confidentiality and Anonymity

The identities of the participants were kept anonymous as stated in the consent form by using pseudonyms. Participants were advised not to reveal their true identities to the researcher and were free to pick their own pseudonyms. These are the names that were used on the consent forms which they had to sign before the commencement of the interviews. Participants were advised that the information they provided the researcher with was confidential and would only be used for research purposes and that no personal or sensitive information would be revealed. This researcher followed the scholarly writing of Lavrakas (2008), who emphasised that confidentiality is of paramount importance because it protects the privacy of the participants.

3.7.4 Prevention of Harm

To ensure the safety of both the researcher and participants, the interviews were conducted in private locations both the interviewer and the participants were comfortable with. Privacy was important to avoid the neighbours and or other colleagues of the participants from hearing any sensitive information that may be revealed by the participant during the interview. Even though the interviews were semi structured, participants were in control of the direction the interview could take. They could disclose anything they wanted to the researcher and could choose not to answer certain questions.

3.7.5 Debriefing of Participants

At the end of each interview, the participant was debriefed. This was a chance to clear up any issues that may have come up during interview and answer any questions they had regarding the interviews of the study itself. A lot of the participants were eager to know what the next step would be after the interviews were conducted.

3.7.6 Data Storage

The interview recordings and data collected was stored as hard and electronic copies which will be stored at the department of Anthropology and Archaeology at the University of Pretoria for a minimum period of 15 years. In addition to the researcher and supervisor having access to the data other scholars could also access it from the department. This ensures the controlled access and use of the data collected in the future. The data collected will be used for this master's dissertation and any scientific papers.

3.8 Field Work Challenges

As with all research that involves dealing directly with people and fieldwork, several difficulties were faced during the research. These challenges mainly emanated from the research approach that the study adopted. The challenges revolved around misinformation and language barriers.

3.8.1 Reluctance

Some of the informal workers the researcher was referred to were reluctant to participate in the study. The researcher who is a total stranger, and in most cases came from a different ethnic background. One assumption for not doing the interview was that their information was going to go be sold to the government and the researcher was going to make money. To overcome this challenge, the researcher focused only on the informal workers that were willing to participate. Furthermore, the researcher made it clear to the participants that the interviews will take place in private spaces, and that the interviews will not lead to any form of exposure.

3.8.2 COVID-19

The Coronavirus (COVID-19) pandemic has taken a toll in Zimbabwe. This made the researcher nervous about moving around Harare conducting the interviews considering how the pandemic has been over the past two years. The researcher was thus more cautious and took active steps towards social distancing, wearing a facemask and sanitizing.

3.8.3 Wrong Expectations

Some participants were misinformed by the people who made the reference and had their own expectations of the interview. These expectations were a major impediment because people became disappointed after realising that the interview would not achieve what they expected. Despite this, the researcher made all efforts to remain professional and used the consent form to inform the participants about the study, its purpose and objectives and their role in the study.

3.8.4 Language

Most of the interviews took place in Shona. Although the researcher is well versed and fluent in both English and Shona, some Shona phrases would lose emphasis when translated to English during the transcribing phase. This is mainly due to cultural semantics and expression.

3.9 Chapter Summary

This chapter focused on the methodology, or the research methods used to conduct the study. It began with a short introduction followed by the research design. The research design was discussed in relation to the nature of the study by stating the advantages of a qualitative design and why it is well suited for this study. This was followed by the research techniques. An in-depth account of how each of these were conducted during the study was provided and their significance to the study was discussed as well. The data analysis section provided the different steps in the data analysis process and engaged with the inductive approach, which was used in the analysis of the study. Lastly the ethical challenges and considerations were discussed. Each of the ethical considerations was explored followed by the challenges that were encountered in the study.

CHAPTER FOUR

CHALLENGES IN ACCESSING FORMAL FINANCIAL SERVICES FOR THE INFORMAL SECTOR

4.1 Introduction

Chapter 3 discussed the methodological approach for this study which is the impact of mobile money in fostering financial inclusion in the informal sector. The study used a qualitative approach of face-to-face interviews which was the focal data collection tool for gathering the relevant data. This chapter presents the findings of the study. This chapter provided a brief profile of the participants. The profile had a gender balance to ensure that the study has an equal gender representation of diverse groups of informal workers. The chapter then had a discussion on the numerous factors that influence workers to enter the informal sector. The next section looked at the challenges informal workers face when trying to access formal financial services. Although the main focus was on these issues, some of the other findings were also discussed in the chapter to follow. To ensure anonymity, the names of all participants in the study for both chapters four and five were the ones the participants chose themselves.

4.2 Study Participants Profile

The informal workers that participated in this study work in different sectors of the informal sector. They operate as hairdressers, maids, gardeners, airtime sellers and flea market traders. Initially sixteen people were identified to participate in the study but due to increasing cases of the Delta variant of COVID-19 in Harare at the time, fifteen people who operate in the informal sector and use EcoCash participated in the study. Out of the fifteen participants, eight sold goods (e.g., street vendors and flea market traders) and the remaining seven offered a service (e.g., maids, hairdressers, and gardeners). All the study participants can be categorized as low-income informal workers who rely heavily on EcoCash. It should be noted that in this study there were participants who previously operated in the formal sector that had access to these formal financial services. Those leaving the formal sector of employment was not always by choice but a means of survival after being laid off from their formal sector jobs. There was also a gender balance to ensure an accurate and balanced

account of informal workers who use EcoCash. The names that were used for the participants in this research were pseudonyms to keep their identities private.

4.3 The informal Economy in Zimbabwe

The informal economy thrives in the context of high unemployment, underemployment, poverty, gender inequality and perilous work. These circumstances are evidently visible in many African economies including Zimbabwe. At independence in 1980, Zimbabwe inherited a capitalist economy that was designed to benefit the powerful white minority whilst neglecting the less powerful (black) majority. This separate development rose from colonial policies that strengthened white supremacy which were not designed to benefit the whole economy but only the powerful minority. Therefore, racial inequality impacted resources, facilities and services, these were largely controlled and accessible to the white population, whilst the black population had little to no access and control of these (Chiripanhura & Makwavarara, 2000; LEDRIZ, 2015).

The growth of the informal economy in Zimbabwe has been influenced by a multitude of factors. The origin of these factors can be traced back to the colonial era, which ensured that the formal economy was a privilege for the whites and the black population could only enter when they were required. Tibaijuka (2005) attributed the rise of the informal sector due to deregulation of some law, the stagnation and decline in the economy. These factors resulted in informal employment rising from 20% in 1986 to 27% in 1991.

The advent of independence brought vast changes which resulted in a surge of black people migrating from rural to urban areas looking for employment. At Zimbabwe's independence in 1980, the informal economy was relatively small accounting for 10% of the labour force. Due to the relaxed post-independence environment, reserve labour migrated to the urban areas and resulted in an increase in urban population from 13% of the total in 1960 to 23% in 1980. However, the lack of employment in the formal sector led to these labour migrants working in the informal sector (LEDRIZ, 2015; Mhone, 1995). The dream of finding formal employment was short-lived because the formal economy was not able absorb the black majority looking for jobs, hence they opted to join the informal economy (African Labour Research Network, 2015).

By the early 2000s informal sector activities had become the main source of income generation for most Zimbabweans. From the year 2000 to 2008 jobs in the formal sector grew negatively while jobs in the informal sector such as small businesses, vendors and illicit trade operations grew (Coltart, 2008; Shinder, 1998). The SAMP (2006) argued that the parallel market, which is a combination of the black market and informal trade, has become the driving force of the Zimbabwean economy. The formal sector has shrivelled because of reduced productivity in industries, agriculture, shortages in foreign currency and decline in investments. As of 2018, Zimbabwe's informal economy stands at 60% making it the second largest informal economy behind Bolivia which has 62% (Medina & Schneider, 2018).

4.3.1 Drivers of Informal Activities in Zimbabwe

This section looked at the factors that drive informal activities in Zimbabwe. The questions that were asked to the participants were influenced by literature on the informal economy. The objective was to assess if some of these factors apply to informal workers in Harare, Zimbabwe. There are various reasons why many citizens opt to venture into the informal sector. Onwe (2013) noted some reasons for the expansion of the informal sector which include weak institutions, layoffs, lack of government support, economic turmoil, and poverty. In Zimbabwe's case, Sakuhuni (2014) attributed the causes of the informal economy expansion to internal migration, unemployment, structural adjustment (ESAPs), economic collapse, and poverty.

4.3.1.1 Internal Migration

Rural to urban migration coupled with the demand for cheap goods produced by informal entities have contributed to the growth of the informal sector. After Zimbabwe gained independence in 1980 rural-urban migration was no longer restricted as it was during the colonial era (Crush & Tevera, 2010). According to Sakuhuni (2014), this presented the opportunity for people residing in the communal (rural) areas to migrate to urban areas in search of job opportunities. According to Potts in Crush & Tevera (2010) there was emphasis on the urban-based economic development by the government as well as an increase in public sector employment to deliver services such as health and education to the African population. Unfortunately, job opportunities were scarce therefore the absorption of new workers into the labour market was difficult. This was due to the level and speed of economic development

failing to match the high population growth in urban areas caused by mass rural to urban migration. Thus, resulting in the formal sector failing to absorb new entrants into the labour force. One of the participants, Keith, spoke about his experience on moving from the rural areas to the urban areas looking for work.

I moved here around the late 1990s. I came with so many aspirations. It was the city. You would hear stories about Harare and its beauty from people who were coming back to visit home. When I moved here, I was hoping I could find a job, but it was not easy to find formal employment. Thus, I resorted to the informal sector. This forced me to think outside the box and I started doing various jobs such as selling snacks and stuff. I could not go back to the rural areas. I knew I had to make a plan and I have been here ever since (Interview, Harare, July 2021).

Rupani (2014) wrote that the opening of industries resulted in economic aspirations for those living in the rural areas and this began the drift of rural-urban migration. However, due to the failure of industrial development to adequately provide employment in these areas, it led to those who had migrated from the rural areas to urban areas opting not go back home. They decided to find employment in the informal sector. Maria spoke about her experience moving to Harare:

I left the village in search of work because there was no money I was getting when I was staying in the village. I had family members I had to take care off and coming to the city (Harare) was the only option I had. You come to the city hoping you can find something instantly but that is not the case. Knocking on gates looking for work is tiring, and you are on the verge of giving up. Eventually I found some work through a friend who had moved to the city a few years before me. It was by the grace of God (Interview, Harare, July 2021).

Another participant, Rudo said:

I would often hear of job opportunities in the city and one day I decided to go in search of work in the city. To my surprise this was not the case, and it was so difficult to find a job anywhere and this resulted in me looking for alternative work. I did not

know what the informal sector was, but it is where I ended up and I have been working in this sector ever since (Interview, Harare, July 2021).

Stark and Taylor (1991) argued that there is a correlation between the rural-urban migrant pool of labour and the growth of the informal sector. The decision for migrating to urban areas is that it is highly motivated by prioritising family needs and making sure that they have better standards of living. Thus, the perception has always been that migrating to urban areas results in securing formal jobs. But that is never the fairy tale scenario. Instead, people who migrate to these urban areas, fail to secure formal employment and venture into the informal sector to generate income and survive. John explained his experience of this scenario.

I moved here hoping that I could be able to work but that was not the case. Instead, I spent like a week or so walking the streets of Harare looking for work that could sustain me and help me survive. Even if it meant cleaning toilets. The hope I have is for a better life for myself, and my family is what keeps me going (Interview, Harare, July 2021).

Therefore, rural-urban migration has been riddled with hope and sometimes false perceptions that have influenced this migration exodus into the urban areas, which has further expanded the informal sector.

4.3.1.2 Unemployment

The expansion of the informal sector has been attributed to the limited capacity of the formal sector to absorb excess labour. Zimbabwe's unemployment rate has risen from 11% in 1982 to above 50% in 2013 (Ncube, 2000; Sakuhuni, 2014). Rupani (2014) argued that the failure of developing the industrial sector to create jobs and income earning opportunities led to many in the surplus labour force creating their own means of employment and income generation in the informal sector. The inadequate industrialisation in many cities has forced many citizens to seek other employment opportunities in the informal sector since it is characterised by unemployment and retrenchment. Participants who formerly operated in the formal sector shared their experiences working in the formal sector. Ruvimbo who worked for a textile company said:

The company I worked for closed because they were not making enough money to sustain the business. Without any warning, we were told that the company is closing and that they could not do anything to assist us. It was a very worrying time because I did not know what to do. I sat at home for months home looking for work. Thus, I resorted to selling these clothes at the flea market because I had no other choice. I have children so their needs need to be taken care of and their fees need to be paid (Interview, Harare, July 2021).

An article by Ray Ndlovu from The Times (2019), wrote that at least 96 companies had closed during that period showcasing the magnitude of retrenchments in Zimbabwe. The companies that closed were part of the crucial sectors such as transport, finance, mining and agriculture. Foreign currency shortages and hyperinflation are some of the factors that contributed towards this economic downward spiral. This left people with no jobs resorting to the informal economy to survive. Tino who lost her job said:

When I lost my job, I did not know what to do. Everything went downhill so fast. It felt like a nightmare. I remember being given the retrenchment letter and I was just in shock. After sitting for several weeks I began planning and I resorted to selling clothes and other accessories. I found some clients who became regulars, and this snowballed into me finding more because of their referrals. I have been doing it for some time now and it has helped me get on my feet. In that brief period I felt so lost (Interview, Harare, July 2021).

Onwe (2013) argued that the lack of appropriate mechanisms to create formal jobs have led to the growth of the informal sector, especially in developing countries. Additionally, the barriers to entry for formal employment such as a tertiary educational qualification has prevented so many people, especially the poor, from obtaining formal employment. This has resulted in people engaging in activities such as petty trading which has become the only source of livelihood for them and their families. One participant, Bianca, briefly explained her experience when she was looking for a job in the formal sector:

After high school I applied for a formal job, and I did not get it because I did not have a university degree. That shattered me because I could not afford to go to university and finding scholarships was very difficult. I tried applying for various

jobs, but they all required a university degree and thus I opted to become an informal trader, and this has been my job ever since. I have very good clients who constantly buy from me, and it has been good for my business. However, the recent COVID-19 pandemic took a hit on my business because we were under a hard lock down for a couple of months and this really affected the way I conducted business (Interview, Harare, July 2021).

Even if one has access to a formal job, not having possessed tertiary qualifications places them at a disadvantage which forces them to engage in informal sector activities. This is because a tertiary qualification often puts people in a better position to get a job in the formal sector. One participant, Farai, spoke of experiencing such a situation:

Applying for a job without a tertiary education is very difficult. The list of people you are competing with for the job have a better education than you and they are more exposed or ready for these interviews. That just scares you and you just feel like giving up. (Interview, Harare, June 2021).

The different experiences of the participants mentioned above illustrate how unemployment in Zimbabwe has taken a toll on many citizens over the years forcing them to venture into the informal sector. The informal sector has been a means to an end for many unemployed Zimbabweans seeking to sustain themselves and their families.

4.3.1.3 Structural Adjustment Structural Adjustment Programs (ESAPs)

The ESAPs were a set of prescribed economic policies in the 1980s and 1990s by the IMF for developing nations that faced an economic crisis. The IMF made governments implement certain policies such as reducing public spending and downsizing key areas in the public sector. Zimbabwe adopted ESAPs in 1991 after years of using a high interventionist economic strategy (Kanyenze, 2004). Focusing on the informal sector, a key factor why ESAPs were implemented was because there was a rapid increase in civil service employment and expenditure on social services. This led to an increase on taxes and a budget deficit which was financed by public borrowing, causing major problems in the Zimbabwean economy (Brett & Winter, 2003).

The introduction and adoption of the ESAPs in developing nations exacerbated the growth of the informal sector in those countries. Tamukamoyo (2009) posited that the free market policies of structural adjustment placed emphasis on less state intervention and favoured a free market driven economy. This led to mass downsizing of the public sector which resulted massive unemployment forcing many people to resort to informal work to generate income.

ESAP adoption in Zimbabwe was seen as a failure and a catalyst for the economic turmoil in the late 1990s. Growth was poor, unemployment increased and many industrial firms closed most notably those in the footwear and textile industries. Living conditions in the communal areas worsened and social services for the poor also deteriorated. This led to an increase in inequality and exclusion which forced many to venture into the informal sector (Brett & Winter, 2003). Several participants experiences ESAP and one participant, Hobart who worked in the public sector gave an account of that period:

I remember going to work and on arrival we were told that that the factory is closing. I was confused. I started thinking what I am going to do. Because I had a young child at the time, and he had to be taken care off. The late 1990s took a heavy toll on me. Hence, I resorted to go into the informal sector (Interview, Harare, June 2021).

Structural adjustment was a by-product of capitalist driven mechanisms that drove informality. This was caused by firms attempting to reduce costs and increase competitiveness causing retrenchments (Chen, 2012). To add on Baz & ZEPARU (2014) noted that ESAPs became associated with the growth of the informal sector because deregulation of certain policies created individual entrepreneurship. A participant, Peter, gave his insight pertaining to this:

After I lost my job, I was depressed for a while. After some time, I began to look for opportunities that could help me generate income and I found something that could do that. For the past couple of years, it has been going well and I have managed to survive despite the uncertainty of the economy. Navigating this economy is not easy, but you do what you must to make a living (Interview, Harare, June 2021).

Structural adjustment left many people without employment, and this resulted in a rapid expansion of the informal sector. People who were laid off because of ESAPs were accustomed

to a certain lifestyle before, so they had to adapt to make ends meet and engaging in informal sector activities was a means of survival.

4.3.1.4 Economic Downturn

Political and economic instability contributes to the development of conducting poor business and this often creates a bad business culture among the people. This political and economic uncertainty results in the reluctance to invest in the economy by locals as well as foreign business because of the possibility of severe constraints and no guarantee for good return on investments. For instance, the 1991 Gemini study of Zimbabwe showed that the informal sector in 1982 was at 10% and it hit an all-time of 27% by 1991 (Kanyeze et al., 2003). Several factors contributed towards the downward spiral of Zimbabwe's investment landscape. This ranges from political instability, economic downturns and international sanctions that occurred simultaneously coupled with a poorly implemented land reform program around the early 2000s which led to many people venturing in the informal sector.

After that period the informal sector expanded because many households began to supplement their incomes from the formal sector to make ends meet. This notion was strengthened by the school of thought that informal workers voluntarily choose to work in the informal sector after running a cost benefit analysis that saw the informal sector more beneficial (Chen, 2012). Speaking to one of the participants, Tino, she gave an account of their experience during the early 2000s:

The early 2000s were a tough time economically. The long fuel queues, waking up to stand in the line to buy households goods was a dreadful time. Where I worked the pay was not great, and I started doing other things on the side to keep my household afloat. I had to plan because I had young kids at the time and having side jobs really helped because it was very unpredictable (Interview, Harare, July 2021).

On the contrary, Hamadziripi (2007) argued that the ESAPs prescribed policies by the IMF were a catalyst that initiated problems such indigent economic performances, corruption, and mismanagement of the economy just to name a few. The upward projection Zimbabwe was headed towards began to dwindle and this made some people choose the informal sector

which was an indicator of how the Zimbabwean population was willing to be resilient, adapt and innovate to adjust to the economic collapse.

4.3.1.5 Poverty

Ngudu (2010) argued that partaking in informal sector activities is not by choice for many but a strategy or method of survival to avoid poverty. Privatization, closure of firms and loss of a bread winners income are some factors that increase an urban household's vulnerability to poverty. Lack of support schemes from the government exacerbates poverty and this often contributes to the growth of the informal sector. One participant, Dorcas, explained her experience after losing her husband:

After losing my husband who was the bread winner we were stranded. He took care of everything financially and I took care of the children. Things were okay because he left money but over time, I began to become a bit more stringent to make it last. Thus, I resorted to selling clothes at the Flea Market. The house was paid for but I had to change schools for my children because the fees was expensive and I wanted them to get an education. Business is going well so far after a brief stint of Hard lockdown during Covid-19, but the uncertainty of the economy makes you nervous about how things will play out (Interview, Harare, June 2021).

Another participant, Hobart, said:

When the company I work for closed, I was shattered. I started thinking about the house, the car and my family. I applied for other jobs but there was no luck. It was a dreadful experience and this is reality. Thus, I resorted to becoming a flea market trader (Interview, Harare, June 2021).

Most people have been forced to engage in informal activities as a means of survival. Initially, those who engaged in informal activities for survival are those that were negatively affected during the structural adjustment period in the 1990s. Later on, those who could not resist the heat of hyperinflation during the economic meltdown in the 2000s also joined the wagon. Cross border trading became very common where people travel to countries such as South Africa,

Zambia, Tanzania and as far as China and United Arab Emirates (Dubai) and bring clothes, electrical gadgets and groceries to sell informally.

This section gave the background and context of a Zimbabwean informal workers, which aimed to assist in our understanding of how these workers got into the informal sector. The next section will look at the challenges informal workers face when try to access formal financial services.

4.4.1 Challenges Faced by Informal Works of Accessing Formal Financial Services

This section will explore the different challenges faced by informal workers perceptions, interactions, and experiences with financial services. In presenting the data collected from the participants during the study, the barriers they face in accessing formal financial services will be the point of departure for this discussion.

Before the introduction of EcoCash, the traditional banking system was the preferred form of financial services by many. There were strict requirements that had to be met before one could open a bank account these, included proof of residence, valid identity document, valid visa/work permit (for foreigners) and proof of income among many others. However, most people operating in the informal sector did not possess such documents and therefore they did not meet those requirements, leaving them unbanked, whilst some fortunately were banked. Therefore, those that were unbanked had to find other means to make financial transactions and to safely keep their money. The unbanked participants were asked the different methods they used to store their money before the introduction of EcoCash and one of informal workers named Tessa explained:

I used to keep my money at the place where I used to stay when I moved here [Harare]. I did not have access to a bank account. I came to the city so young, so I did not know what a bank account was until I was a bit older. Keeping cash at home was convenient for me but I knew it was it not safe, so I was always a bit worried about the possibility someone breaking into my house and stealing and my money (Interview, Harare, July 2021).

Another participant named Munya explained how he kept his money:

I kept my money at home in the mattress. I made a secret spot where I would store it and make sure it is safe. Where I resided was not the most convenient because there was a lot of theft in that area. I made sure that I hid the money where nobody could find it should they break into my room looking for something valuable to steal. I was lucky nothing happened to my money but some people I know were unfortunate (Interview, Harare, July 2021).

Keeping money at home is very unsafe because there are various negative outcomes that can occur. Theft is very common in such situations as mentioned by one of the participants in the study. Additionally, physical cash can also be destroyed. For example, a fire can easily destroy cash because it is tangible and highly combustible. Also, natural disasters such as floods and earthquakes can also destroy cash (Mercadante, 2021).

4.4.2 Financial Services Costs

For low-income households, using formal financial services can be very costly. Financial institutions normally have fees, minimum deposit requirements and other upfront costs. Some financial institutions even penalise customers for late payments, and this can add up and be very costly for a low-income earner. A survey by the World Bank (2017) documented that one of the key reasons why people do not use financial services is because they are too expensive. Farai explained his experience with financial services costs:

It is not cheap to keep using financial services. After losing my job, I realised that the cost to keep my account opened was a lot and I decided to stop using it. I withdrew the money I had and I kept it at home. There was nothing I could do (Interview, Harare, July 2021).

Another participant, Keith, said:

With my little salary I tried to open a bank account years ago. I then realised that is it not the best idea to do so because when I got the brochure to check on the bank information from the person who was assisting me, I then realised that it was very costly to open a bank account. After assisting me, she walked to her desk for brief

second and I swiftly walked out of the bank and went home because I was not going to be able to afford that [Laughs] (Interview, Harare, July 2021).

The cost of financial services is a reason why there is a strong reluctance for people to remain unbanked. This forces people to keep money at home which is not safe as addressed by Mercadante in the previous section. Hence alternative financial services such as mobile money have become the gateway for everyone, especially low-income households to participate in the formal financial sector.

4.4.3 Confidence in the Banking Sector

The Zimbabwean financial crisis that occurred in 2008 led to a massive surge of hyperinflation and this drastically shifted customers perceptions and confidence in the financial system. This was made worse after the adoption of the US dollar and during this time of dollarization where many people lost their savings held in formal financial institutions. Customers lost confidence in the formal sector and the recent 2016 cash liquidity crisis made many Zimbabweans not use formal financial institutions and many people resorted to storing cash at home in a safe rather than banks (ELAN, 2016). Peter explained what it was like for them during that economic turmoil:

It was a difficult time in 2008. I remember taking the little money I had, and I kept it at home. There was nothing for me to keep at the bank. It was a very difficult time because every day the currency kept losing value, inflation was rising, and basic goods such as mealie meal and cooking oil were becoming very expensive. It was unbelievable, but we did what we had to in order to survive (Interview, Harare, July 2021).

Another participant, Rudo, also gave her insight:

The bank account that I had began to serve no purpose for me. Everything around that time [2008] was unpredictable. You could go to the bank, try get some money and if you got the money (hopefully) by the time it was end of day, the bus fare for example, would have increased! It was a very difficult time because you just couldn't tell what the outcome was (Interview, Harare, July 2021).

The 2016 cash liquidity crisis was a key moment that made many people who operated in the informal sector who had bank accounts withdraw their money from the banks and lose confidence in the formal financial system. This is because it became a task to go to the bank and withdraw money because there was hardly any cash there. What made it much worse was that withdrawal limits had also been significantly slashed (BBC, 2016). Bianca explained her experience when she went to the bank around 2016:

The cash shortage problem of 2016 is one of the reasons why I do not want anything nothing to do with that bank account that I had. I used to wake up at around 11PM or 12AM to go and queue for money. I remember one time I went to go withdraw some money I had left in my account. Upon arrival I was at the back of the line, but I had to pay someone to get a sticker that put me close to the front of the line. There were women with their babies there waiting in the line to get money. Some people even brought blankets because they had to sleep there. But I had to be selfish because those queues could get long. I withdrew the little amount I had and left (Interview, Harare, July 2021).

The cash crisis of 2016 was a clear indicator of how severe the cash shortage was. This is because many of the participants operating in the informal sector all complained how difficult it was to find cash around that time. This meant that mobile financial services such as EcoCash were useful during this period with one participant lightly highlighting:

EcoCash made the operation of the informal sector a bit better. This is because you could use it everywhere and it was easy to purchase things from your supplier or when a customer wanted to buy something, and they did not have cash they could just pay us using EcoCash (Interview, Harare, July 2021).

4.4.4 Documentation

As briefly discussed in section 4.3.1, there are various constraints that prohibit informal workers from accessing formal financial services. From the interviews conducted with the participants in the study, one barrier that was highlighted was that of documentation. Not having proper documentation hampers people from opening formal bank accounts because this

limits their eligibility. For instance, workers operating in the informal sector are not likely to possess wage slips, proof of residency or even proof of identification (Allen et al., 2016). The reason documentation is an essential requirement is due to the increase in fraud, money laundering and terrorist financing activities through the formal financial sector. This has unintended consequences of excluding legitimate small businesses and low-income customers from the financial system (Demirguc-Kunt & Klapper, 2013). From the interviews conducted with the informal workers, the constraint of not having documentation was a key issue. Hobart describes how the lack of appropriate documentation constrained him from accessing formal financial services:

Trying to open a bank account was a challenge because of documentation. When you are raised in the villages and you migrate to the city, there are some documents you do not have in your possession. For instance, proof of residence. I had to learn about getting a proof of residence affidavit later when I moved to the city which can be a tedious task if you do not know what it is. This is because you are in a place you do not know very well, and you can get lost because you are not aware of the city (Interview, Harare, July 2021).

Another participant said:

Moving from the rural areas to the city made me very ambitious. I came here looking for a better life. Although I was optimistic, it was not easy to adjust. Apart from looking for work, the first thing I did was try open a bank account. Because I came here so young, I did not have proof or address and a proof of identification, thus I could not open a bank account (Interview, Harare, July 2021).

The participants narrations above are a clear illustration of the extent to which documentation is a barrier to many informal workers especially those with lower incomes. Many individuals are excluded from the formal financial sector due to the strict documentation requirements which are out of the reach of many.

4.4.5 Language and Financial Literacy

Language is an essential element towards understanding financial literacy. Financial literacy refers to the level of personal knowledge that allows one to understand basic financial information (Setiawan et al., 2021). Financial literacy has the capability to influence people to make decisions pertaining to choosing or using the financial products that best tailor their needs. Incorrect financial products often reduce the effectiveness of that product, and this makes people resort to using cash only and not keeping it in a financial institution (Serrao & van Vuuren, 2017; Datta, 2009). Often the cause of financial illiteracy can stem from language. The jargon used in explaining financial programs can often be too technical and confusing and this often confuses many customers especially those who are financially illiterate. Speaking to the participants some of them addressed it. Diana explained:

When I tried to open a bank account a few years back I did not understand what it all meant. My English was not that great, so it was difficult to understand. I asked for help, but it was all too technical for me to understand, and I never attempted to open a bank account again. Thus, I kept the money at home because I could not carry it around all the time (Interview, Harare, July 2021).

Another participant also concurred with the Diana's account detailing their limited English language and financial literacy skills as a major obstacle in their attempt to access formal financial services. They said:

English was very tough for me when I moved to the city and trying to understand what certain things meant was difficult. Now imagine walking into bank, wanting to open a bank account but you don't understand a single thing and you are too afraid to ask because you do not want to embarrass yourself. These were some of fears when I first moved here (Interview, Harare, July 2021).

Language is a key factor that can influence financial literacy. Some people may not be affluent with the English language but if it can be broken down in layman's terms or in vernacular it can allow people to use those facilities or resources. Therefore, EcoCash was very groundbreaking because it was extremely easy to understand and this allowed it to be accessible nationwide.

4.4.6 Location

Location is another that major challenge that informal workers faced in accessing formal financial services. Some informal workers reside in neighbourhoods with little or no financial service providers such as bank branches. A reason why many formal financial institutions are reluctant to open branches in these low-income neighbourhoods is because reasons safety being the biggest one. Thus, informal workers are unable to access formal financial services due to them residing far away from financial institutions. Another issue related to location is that of convenience (Beck et al., 2006). Many migrants are unable to access financial services due to the operational hours of many formal financial institutions. Those that reside and work far away from these institutions may not always be able to visit them during their operating hours. One participant, Tessa, said:

I stay far from town, so the process of coming to town to do one thing such as accessing a bank account, is not worth it. Transport fares are not cheap so when I come to do some work in town, I make sure I utilise the day and do as much as I can (Interview, Harare, July 2021).

Location has proven to be detrimental towards informal workers accessing informal services. The reluctance of formal financial services stems from issues of safety due to the stereotype that low-income areas are susceptible to crime and theft hence there has been no drive from these institutions to create some branches there.

4.5 Chapter Summary

The focus of this chapter was the challenges encountered by informal sector workers in accessing financial services. It discussed the numerous factors that influence workers to enter the informal sector and it looked at the challenges informal workers face when trying to access formal financial services. These challenges make EcoCash a favourable alternative and enable those excluded from the formal financial sector to access financial services and perform their transactions with ease. The next chapter explored EcoCash as an alternative financial service detailing the assorted products and services available for users and why these are favourable to them, the challenges it possesses and its impact on informal workers.

CHAPTER FIVE

THE USE, CHALLENGES AND IMPORTANCE OF ECOCASH FOR ZIMBABWEAN INFORMAL WORKERS

5.1 Introduction

This chapter continues with the findings of the study. It details the diverse services offered by EcoCash that informal workers use. This was then followed by a discussion on the challenges faced by informal workers when using the EcoCash. The closing of the chapter looked at informal workers perceptions of how EcoCash as an alternative financial service has assisted them in the aspect of financial inclusion as well as its influence on the COVID-19 pandemic.

5.2 The use of Mobile Phones and the EcoCash Service

EcoCash was designed with the intention of providing unbanked and underbanked individuals with efficient and accessible financial services similar to the formal financial services available. The assorted products and services within EcoCash are tailored to meet the needs of the target market that is unbanked and underbanked individuals. This section explored the process of signing up for EcoCash, the different products and services offered by EcoCash, however the discussion began by looking at the usage of mobile phones apart from financial transactions by the participants before proceeding to the registration process and the different products and services on offer through EcoCash.

5.2.1 Mobile Phone Usage

Before the researcher asked the participants about EcoCash, he asked the informal workers what they used their mobile devices for context as a palette cleanser from the first section of questions in the research. According to the respondents in this study, their mobile phones served two purposes: a communication tool and a medium of sending, receiving, and storing money. Lindi said:

A mobile phone allows me to communicate with people who are far, and this has made it a bit more convenient for me because my family does not stay here with me in Harare (Interview, Harare, July 2021).

Another, Keith, participant highlighted the use of their mobile phone for the purpose of accessing and connecting with others through social media:

Social media is addictive (although data is expensive) but I love it. The funny pictures and the comments on Facebook are all accessible on my mobile device (Interview, Harare, July 2021).

Another participant, Rudo, noted the convenience that comes with one having a mobile phone:

I love my smart phone because I have the internet in the palm of my hand. There is no need for me to go to an internet café that much anymore. I can literally do everything with this phone (Interview, Harare, July 2021).

The mobile phone has become an essential communication device that has helped friends and family keep in touch via the traditional call, SMS application and smart phone applications such as Twitter, Facebook and WhatsApp. This has also helped in the adoption of EcoCash as an alternative financial service as it is easily accessible due to most people already possessing mobile phones and using them for multiple functions. The next section will examine the registration process as well as the different products and services provided by EcoCash.

5.2.2 Registration

To open a mobile money account, there are less stringent measures in comparison to opening a traditional bank account. For example, mobile money users are not required to provide a proof residence or income. They only need an identity card or passport. It is argued that the less rigorous requirements needed to open a mobile money give the poor and the unbanked who often lack sufficient documents the ability to participate in the mainstream financial system in Zimbabwe (Chitimira & Torerai, 2021). Munyoro et al. (2017) argued that the ease of registration coupled with a widespread agent network has allowed people to carry out various transactions increasing the likelihood of more people using mobile money transfers. Kendall and Voorhies (2014) posited the argument that the agent network should reach places where banking services are limited such as remote areas and informal settlements. The experiences for all 15 participants were almost the same but there were very interesting findings. One informal worker, John, explained:

My brother opened my EcoCash account in 2011. I did not have an identity document at that time because I had just moved here. He applied on my behalf and I have been using that account ever since. This was easy to do because there was a level of trust and he is family so I will never do anything to betray that trust (Interview, Harare, July 2021).

There were some informal workers who did attempt to open formal bank accounts before the introduction of EcoCash and they said that their experience was totally different from when they opened an EcoCash account. One of the participants, Munya, spoke about how he was treated in the bank and how that totally differed from the EcoCash registration experience from the excerpt below:

The process to open an EcoCash account was quite easy in comparison to opening a formal bank account years ago. I remember trying to open a bank account before. They asked for documents which I did not understand at the time. I felt like I was not being treated right as well because of the tone I was being addressed with. This was a long time ago though. However, when applying for EcoCash, the agent was very friendly. She asked me for my I.D and that was about it. She then guided me on how to do various tasks on EcoCash and I was done. She was brilliant (Interview, Harare, July 2021).

The ease of registration and assistance from agents have been key components as to why mobile money services like EcoCash have been adopted at a high rate. This has allowed many people to register and use the services for various tasks. The next section looks at what informal workers use the service for.

5.2.3 EcoCash Services

The GSMA (2015), stipulated that the inception of EcoCash had one product offering that was simple: to send and receive money. Over time, the services offered by EcoCash have evolved making it a diverse mobile payment solution with the introduction of value-added services such as municipality bill payments. Participants in this research said that they use EcoCash for everyday mobile banking transactions. In many cases where the service has been used, the

choice to use the savings component of the service was for the most part a temporary holding mechanism. Today, EcoCash has become a digital wallet for many users that also enables people to conduct various financial tasks. The 2016 liquidity crisis gave EcoCash the opportunity to become a catalyst to accelerate growth for electronic financial payments. At the time EcoCash mobile payments constituted about 80% of the population and the mobile network (Econet) covers 90% of the population (Econet Wireless Zimbabwe Limited, 2018). When asked about the services they used on EcoCash, John said:

*With EcoCash I can pay for groceries in the store by the till. To pay, I just dial the EcoCash USSD (*151#), enter the merchant code at the point of sale and process the payment. Due to the cash shortage this has become the norm and I am grateful for EcoCash because I know that I have some money and I don't have to wake up at in the early hours to walk to the bank or try find means to find physical cash (Interview, Harare, July 2021).*

Another participant, Hobart emphasized the convenience brought by the addition of value-added services to EcoCash:

I use EcoCash to pay to utility bills like water and buying prepaid electricity tokens (although there is barely any electricity) and tollgate payments when I am travelling. It's a very simple process (Interview, Harare, July 2021).

The addition of value-added services to EcoCash has also been favourable to users especially during this Covid-19 pandemic by reducing the need to make transactions physically thus promoting social distancing. One participant, Diana, noted:

I use EcoCash to pay for my children's school fees. This has made life so much simpler. I do not have to go to the school physically to pay anymore and this saves on transport costs and with the COVID-19 pandemic it reduces the risks (Interview, Harare, July 2021).

The excerpt below is a participant, Farai being honest about what he uses EcoCash for:

.... I am not going to lie, I see all those services that they offer but it in my personal capacity, I use EcoCash to send money, receive money, buy airtime and data. All the other services they offer are secondary to me to be honest with you (Interview, Harare, August 2021).

Apart from paying for utilities and purchasing airtime one informal worker addressed how they use EcoCash to access short term loan service:

I use EcoCash for the Kashagi loan service. This is a short-term loan service that has helped me in times of dire need. The service came back earlier this year after it was last promoted in 2018. It has assisted me well, especially during this global pandemic. The money is not much but it can be helpful if you use it wisely (Interview, Harare, August 2021).

EcoCash has offered a multitude of services that have greatly assisted informal workers in their involvement in the financial sector. This has greatly contributed to their financial inclusion which has resulted in many people being able to participate in the digital age. The next section will look at a critical part of EcoCash which is remittances, an aspect many of the participants addressed.

5.2.4 Remittances

Under services a key aspect of EcoCash is the ability to send and receive money. This brings the factor of remittances to the forefront. The Cambridge dictionary (2021) defined remittances as the “amount of money that you send to someone”. Ratha (2017) further expanded the concept of remittances saying that they are a transfer of a portion of one’s earnings in the form cash or goods to support their family. Remittances have grown rapidly and now represent the largest source of foreign income for many developing nations. The GSMA (2021) posited that mobile money services have become a catalyst for remittances, and this has proven to have various advantages over the old-fashioned methods. Mobile money services ensure that money is sent and received in real time and the availability of the funds is instant.

Several participants in the study had relatives who resided in rural or remote areas. With the cash shortage, EcoCash has assisted them in being able to send money digitally to their family

and friends in remote or rural areas which has made it convenient. Local remittances have been an essential lifeline for many families living in remote areas. Traditionally, heads of households, mostly the husbands, would leave their homes in rural areas to go look for jobs and money in urban areas so that they can send it home. But this was often expensive because they used a person to send the money home which was an added cost. Before the introduction of MMTs, it was a daunting task to find convenient ways for families and friends to send and receive money. Thus, the introduction mobile money became an added advantage of rural financial inclusiveness where a lot of people who could not access traditional banking channels became part of the digital financial systems because they had EcoCash (Munyoro, 2016). Respondents who remitted money via EcoCash spoke highly of this major benefit. One informal worker, Peter, explained:

When I moved to here, I left my wife and children in the rural village where I resided. Through the help of a friend, I managed to find a job and when it was time to send money or buy goods, I had to use someone who was driving to the village with his truck to go drop off parcels. The person was trustworthy, but he was bit expensive, and he did not like to bargain so I often had to delay sending money to my wife so that I could work and earn some more money so that I can send with any hassles. Even when giving the collector the money, I was still afraid it may not reach my wife because he could lose it, run away with it, or use it to pay someone if he ran into any trouble. Furthermore, it is upsetting that these people work according to their own time. So, if my wife needs the money urgently and the driver is not going to the village that day, then it may take time because where I come from is very far from here. Thus, the introduction of EcoCash has really changed things because my wife has a phone with an Econet sim card that is activated with EcoCash and with a few simple steps I can send her money straight to her phone and she can buy the goods that she requires for her and the kids (Interview, Harare, August 2021).

Another informal worker, John, spoke about his experience on how he used to send money via the bus to his wife:

Some of the bus operators offer to transport goods or money for a certain fee. They are very friendly, and I was fortunate to know some of the bus operators that travel to my village in Mutare. I chose them over the private drivers because they have a certain

schedule and it's easy to estimate what time they will get there. It is a bit safer but there the risks of the bus breaking down and this may lead to delays in transporting the goods or money and in instances where its urgent this may cause problems. Because my wife will be calling me stressed out and there is nothing I can do. Ever since EcoCash was introduced it has been a bit better because I can easily send money to my wife if she needs it to pay for school fees for the kids or goods. However, I still use the bus to send some goods from here [Harare] just to spoil them if I can (Interview, Harare, July 2021).

Using third parties to send money before the introduction of EcoCash showcased some extremes lengths people were going to ensure that the money was kept safe whilst in transit. This often resulted in makeshift safety measures that were often risky but worked. Munya explained what he had to do to ensure the money he was sending was safe:

My wife used to ask me to buy some clothes for our children, so I used to pack a suitcase and put the money in one of the clothing items like in the pocket of a pair of shorts or jeans for example. This was to hide the money should someone try open the bag and snoop (Interview, Harare, July 2021).

Another participant also said:

I used to send food to my family, so when I packed the bag, I would open a pack of rice and put the money inside there and I would seal it again. I would have to call my wife and tell where I put the money so that she is aware and she does not abruptly open the bag (Interview, Harare, July 2021).

International remittances which is the transfer of money from a foreign worker to their family members or other individuals in their home nations have always been pivotal. According to Munyoro (2016), mobile money has brought a lot of convenience to international remittances as more people can now receive money from abroad to the recipient's mobile money wallets with the added benefit of it being less costly as well. Prior to the introduction of mobile money, money had (and still is) to be sent through Western Union or MoneyGram and the recipient would then travel to the nearest town to be able to access the money and this was often time

consuming especially if they resided in remote area. EcoCash introduced the feature of sending money internationally and this may go a long way with assisting those who don't have money. One Participant spoke about her experience with receiving international remittances from her previous employer. Maria explained:

After my previous employers left the country, we kept communicating. They would ask how I was and what I was doing to sustain myself due to the economic turmoil. They would send me money through World Remit to my EcoCash account whenever they could or during the festive season [Christmas] as acts of kindness. The money would come to my EcoCash account and I would go to an EcoCash agent to withdraw money. I would use it for my various day to day needs such as sending money to other family members, buying airtime or groceries (Interview, Harare, July 2021).

There are further testimonials that several participants explained when they were talking about the convenience EcoCash brings when it came to remittances. One informal participant had this to say:

EcoCash has helped me so much in terms of sending money back home in the rural area. I do not have to give someone else the money and add more money on top to pay them to transport. EcoCash really became a lifesaver (Interview, Harare, July 2021).

Another informal worker had this to say about EcoCash and its impact it has had on him when he sends money to his wife:

Before EcoCash, I used to send someone with the money back home to my wife. I was always worried because I feared that the money may not reach her in time or the person may get robbed along the way. Fortunately, I never faced such a problem and with the introduction of EcoCash, it has reduced some of my worries because I send the money to my wife directly now (Interview, Harare, July 2021).

Another participant said:

I am very grateful for EcoCash because without it, I would not be able to send money back home to my wife and this would often mean that I would have to go back home

and give it to her personally because I cannot afford to give someone else who would require payment (Interview, Harare, July 2021).

Mobile money transfers have the potential to sustain economies, especially in developing nations where infrastructure can present a challenge (Donovan, 2012). Local and international remittances channelled by mobile money have led to efficient use of technology and this has been helpful because the archaic ways of sending money are no longer valid due to their consumption and cost. This section examined the remittance function within EcoCash and the participants' narrations have illustrated how remittances through EcoCash have assisted their families back home in accessing financial services and performing crucial transactions to sustain their households. The next section will look at the ease of use with regards to the EcoCash service.

5.2.5 The Ease of Use

Apart from financial inclusion, an objective of mobile money services such as EcoCash is to try and reach as many people as possible by making the service accessible and easy to understand and use. Technological services are often difficult to use and understand sometimes because of the jargon and the technicalities. However, through marketing, Econet and EcoCash made sure that it educated its audience through TV campaigns, print media and billboards around the country (GSMA, 2013). EcoCash ensured that its agents spread out across the country were adequately trained to teach and assist new users how to use the service in their respective cities, towns, suburbs and villages. An elderly, Lindi, participant described her experience with EcoCash below:

As a person who never had used that much technology, I find EcoCash easy to use and useful for my day to day living. When I signed up, the agent guided me through assorted options such as sending money, buying airtime, paying bills and more. This helped when the cash crisis was at its peak and I am grateful for EcoCash (Interview, Harare, July 2021).

Another participant, Tessa said:

EcoCash is not that difficult to use. I am a bit older, and I do not know that much about technology but with EcoCash, I stick to the normal stuff like paying for groceries and receiving money. When it launched, I saw the adverts in the newspaper on how to use and I have been doing that ever since. I do not try and make things difficult for myself or else I might mess up (Interview, Harare, July 2021).

EcoCash launched a mobile application in March 2014 on Google Android smartphone devices as an alternative for the traditional USSD (*151#) option. The aim was to enable users to transact faster. It has innovative and convenient features such as allowing customers to directly select other mobile numbers from the contact list making it easier to transact and to avoid making mistakes. From the excerpt below one participant, Ruvimbo, said:

When the USSD option is not working I use the [EcoCash] App. To my surprise it is a bit faster and better. All you need is an internet connection, and you will be able to perform your transactions. It is straightforward and very easy to use. I understand that mobile data is very expensive, but I would encourage people to use it when its working and when they have sufficient (Interview, Harare, July 2021).

Just like any other service EcoCash has its own challenges with regards to ease of use. The participants mentioned the different challenges they face when making use of the service from when it was initially launched till today. One participant, Tino, commented on the time it took to perform a transaction. She said:

Yes, it is easy to use however, the use of long codes makes a bit time consuming (Interview, Harare, July 2021).

The understanding and use of EcoCash when it was introduced was not that easy for many. Users made several mistakes when it was initially launched in 2011. John explained that he found it difficult navigating EcoCash in the beginning:

In the beginning it was difficult for me and some of my peers because you could lose money if you were not careful. Sometimes you could make a mistake by entering the wrong phone number and this would lead to the money going to someone else. A single

digit would literally mess up a whole transaction. Reversing the transaction is hard because the person may have used the money and you cannot find them because you do not know who they are. I remember I made such a mistake when EcoCash was introduced. Fortunately, it was not a lot of money but when I realised what I had done, I called the number immediately and fortunately the person answered. I told them what had happened and they sent back the money. That was very nice of her to do so because some of my colleagues have made the same mistake when conducting transactions. When they tried to call the number they sent the money to, they do not pick up or pay back the money which is very unfortunate (Interview, Harare, July 2021).

Another participant, Peter, also raised the issue of the difficulties regarding reversing transactions. She said:

A challenge that occurs is that when you are transferring money you can put a wrong digit and it will go to the wrong person. You are forced to go to Econet and ask for reversal. They [Econet] will check in their system who received the money and if the money it still there. For example, you may be lucky to get your money back if the money was received in the rural areas because there is no stable network and Econet can reverse the transaction which takes about 14 days to reflect in your account (Interview, Harare, July 2021).

Though it has its challenges, the ease of use has propelled EcoCash to tap into various markets that span from rural to urban areas and from the youth to the elderly population. Their aggressive marketing and wide reach has allowed them as a mobile service provider to place emphasis on the importance of digitally transacting and this has enabled them to have influence and impact.

5.2.6 Frequency of Usage

As noted by Serrao and van Vuuren (2017), Zimbabwe is a nation almost without any hard cash. This has made many people who operate in the informal sector to transact with EcoCash. The cash crisis increased the frequency of usage for EcoCash and it became a daily service for financial transactions for both business and personal transactions. One participant, Bianca, described how they depend on it for personal (household) and business transactions. She said:

I use it almost everyday. It's my day-to-day account. I use it for buying basic household goods and airtime. I do not only use it for business, but I use it frequently in my personal capacity as well (Interview, Harare, July 2021).

Another participant also emphasized their reliance on EcoCash for purchasing household items and other personal transactions. They said:

I use it daily when purchasing groceries, airtime or sending and receiving money (Interview, Harare, July 2021).

The frequency of the use of the service has resulted in EcoCash being part of the users' daily lives as it is intertwined with all their economic activities. One participant stated:

It is become part of me now and it is truly an efficient option to use when sending money and conducting transactions (Interview, Harare, July 2021).

Econet has made strides in making their EcoCash mobile money service more accessible and convenient where previously financially excluded customers could now access financial services. Ever since EcoCash was launched in 2011, Econet has devoted to a large proportion marketing budget to EcoCash. This was because they were trying to get as many Econet users as possible (Levin, 2013). Their marketing material and ease of usage has made it more attractive for customers to use and rely on when making day to day transactions.

5.3 Challenges Faced by EcoCash Users

EcoCash is a mobile payment solution that holds a lot of merits, but it does have its challenges. Participants in this study explained some of the problems they have faced pertaining to using the EcoCash mobile money service. This section will explore the different challenges informal workers encounter when making use of EcoCash.

5.3.1 Reliability of the Service

Participants addressed the issue of network interruptions affecting the EcoCash mobile money service. These interruptions have resulted in customers not being able to make transactions such as sending money or paying their bills. The challenges regarding reliability are mainly linked to system upgrades, poor network and power cuts.

5.3.1.1 System Upgrades

System upgrades resulted in the service being temporarily suspended. Participants in the study gave their opinions about such instances occurring. Lindi explained:

There are moments EcoCash does not work. This is because they maybe upgrading their system. They do attempt to communicate and tell us in advance via SMS that there may be system upgrades occurring with the EcoCash system. After upgrading, they send another SMS confirming that the upgrades are done, and the system is back online. Fortunately, it does not happen often, but it can be a bit frustrating when EcoCash does not work because transactions are not going through. The worst is when system upgrades are occurring during rush hour. You are trying to sell goods to customers who may prefer to use EcoCash at that time because they do not have physical cash and you cannot process payments because the system is not working at that time (Interview, Harare, July 2021).

Another participant, Hobart, said:

When they are doing their upgrades or servicing it does interfere with the network and this causes some problems for us. When you are trying to send money, you might send the money twice because the network will not be working properly, and this is very costly. Thus, you are led to call customer services to reverse the transaction and it can be a long process because you must prove that this transaction happened twice and one of those transactions was a mistake. Sometimes you are forced to go to an Econet office and that is not only time consuming but costly as well because you are paying for transport (Interview, Harare, July 2021).

5.3.1.2 Power Cuts/Load Shedding

Apart from upgrades another challenge that puts reliability of using EcoCash into question is that of load shedding or power cuts. Zimbabwe's rate of load shedding across the country has been very severe over the past several years. Because of power cuts, the network is compromised in several areas, and this presents the challenge of not being able to use the EcoCash mobile money service. This has affected the way in which many businesses operate especially those in the informal sector. Farai explained:

With power cuts occurring regularly, that means that boosters are not running efficiently, and this leads to poor network service which affects EcoCash transactions. Power cuts have become very common, and this has made people complain on social media platforms such as Twitter and Facebook, to Econet. The major complaints are that their network is slow or unresponsive, and this is affecting the EcoCash system. Normally they [Econet] will apologise and probably site several reasons afterwards (Interview, Harare, August 2021).

Power cuts have also been detrimental in instances where informal workers are transacting, and funds have been deducted but the recipient has not received the payment. Keith explained how frustrating the process can be:

To be honest, this does not happen all the time, but it can be frustrating. You follow all the procedures; you get a notification that the money is deducted and intended recipient does not receive it. This leads to verbal conflict because the person you are sending money to does not believe you and they think you are lying. Now you must go through the tedious process of lodging a complaint to Econet or EcoCash to prove to the recipient of the mishap that has occurred (Interview, Harare, July 2021).

According to TechZim, in July 2019, the whole Econet system was down (Including EcoCash) and customers did not know why. Speculation around this was that there were severe power outages and Econet released a statement confirming this to be true. One participant additionally addressed the issue of how EcoCash became a problem when the internet shutdown in January 2019.

It was a very difficult time for us during that period. Transactions could not go through and there was a back log of payments (Interview, Harare, July 2021).

This power outage significantly affected both the formal and informal sectors almost bring many financial activities to a standstill due to people not being able to transact using EcoCash. This incident was not only an example of the reliability challenges of EcoCash, but it also illustrated the impact and significance of EcoCash on most economic activities. Everything came to a halt when the service was not working which severely affected both individuals and businesses.

5.3.1.3 Poor Network

Network being down has led to several problems for EcoCash users because EcoCash is unresponsive. Network can go during the day, and this can become a very administrative nightmare. Binca explained:

There are moments the network goes during the day without prior notice. However, this is not favourable if you are in a grocery shop buying goods for example. You will be in the line waiting to pay for ten to twenty minutes and when it is time to pay, the person in front of you pays using EcoCash and when it is your turn to pay the network is gone or the EcoCash system down. That time you may not have physical cash and it can be embarrassing because you are forced to leave the trolley and it is during such moments you think it's better to pay using cash (Interview, Harare, July 2021).

Another participant also mentioned the delays they experience due to slow network when trying to perform a transaction using EcoCash. They said:

With network problems you cannot do much on EcoCash. This is because it may take time to process the payment, or the payment may not even go through. I remember when I tried to urgently send money to my wife back home and it did not go through. Not having a stable network connection is one of the challenging things we face (Interview, Harare, July 2021).

Poor Network also results in users losing their money due to failed and/or incomplete transactions. A lot of users have lost their money when money was deducted from their accounts after attempting to make a transaction that failed or was incomplete during a power a power cut. Rudo described her experience:

You lose money just randomly sometimes. I remember trying buy electricity via EcoCash and it showed that my money was deducted but I did not receive my electricity token. You do not know where your money is at the time and to tell EcoCash can be a hassle. Even going to ZESA is also a task because you can go there, and they will say they did not receive anything. You are left confused because you do not know what to do (Interview, Harare, July 2021).

Another reliability challenge is that some remote areas do not have a strong or stable network. This can be a disadvantage for people residing in these areas because they may not be able to carry out transactions as effectively. One informal worker who travels to these areas and he spoke about these problems, he said:

I travel to some remote areas at times and the network service may not work because the network signal is not strong, thus making transactions is very difficult and suppliers think I am running away from them. That time I am unable to make payments because the network is not good. I often have arguments with my wife because she thinks I will be lying when I tell her I can't send her money at that time because of poor network service (Interview, Harare, July 2021).

Thus, network is a major factor in the smooth running and reliability of EcoCash as it affects the speed, costs, and nature of transactions.

5.3.2.1 Service Fees

Cost is a major factor that impact's one's access and ability to make use of any financial service whether formal or informal. The service fees associated with EcoCash cannot be ignored when exploring the challenges many of its users face, especially low-income earners. When sending money via EcoCash there is a service fee money that is added on top of the amount you are sending. This has presented a challenge for many users in the informal sector. Diana spoke of the affordability or lack thereof of EcoCash due to its service fees. She stated:

When it comes to the transaction costs or service fee that is where the story is for me. When sending via EcoCash you are afraid to send because the recipient is also very aware of those costs. They are bit too much for me personally. For example, when you want to send someone ZWL\$1500 you must send extra to account for the transaction costs. This is difficult because that ZWL\$1500 maybe the only amount I have left and the person I am sending too wants their money in full. (Interview, Harare, July 2021).

Another informal worker, Peter, said:

Despite the transaction fee, you still must send the money regardless because the situation can be a matter of importance. There is nothing you can do about that transaction fee. You can complain and cry all want but if your wife and children want money for food, school fees or medicine you have toughen up and be the man of the household. For example, if they want to buy something for ZWL\$5000 you must send at least ZWL\$6000 to make sure that they can purchase that item and account for the cost they may incur when buying. However, the good thing is that when you are buying or sending airtime to someone, they do not charge you [laughs] (Interview, Harare, July 2021).

Another participant said:

All I can say is that they [the charges] are too high. When I want to get money from my formal bank account, I am losing a significant amount of money. For example, I may have US\$100 in formal bank account and when I am trying to move it to my EcoCash account, I lose like US\$7 because of transaction fees and I will be left with US\$93. And assuming I want to use EcoCash to transact, I will be charged again (Interview, Harare, July 2021).

Hobart surprisingly had no complaints about the transaction fees. He explained:

As a person who is doing business, I cannot blame them about those transaction costs at all. That is business. They are doing business and they must benefit to make money.

I cannot complain about these fees because it's like bank charges (Interview, Harare, July 2021).

Another informal worker also expressed how having hard cash can be beneficial because you can fully utilise the money without bearing any transactional costs. This has made several people operating in the informal sector to resort to using physical currency. Ruvimbo explained:

The charges are starting to be a bit high, and this is presenting some new challenges. For instance, if you have ZWL\$600 physical cash you can fully use all that money until it is done but if it's ZWL\$600 in EcoCash, you can probably use about ZWL\$400 and the remaining ZWL\$200 goes to charges and you cannot fully utilise the ZWL\$600 (Interview, Harare, July 2021).

Another informal worker, Bianca, who works at a flea market also explained why she would prefer cash (preferably foreign currency) instead of using EcoCash. She said:

I sometimes use EcoCash to pay for my business transactions. This is because I have customers who want to pay via EcoCash and I have to facilitate them because that is money coming into the business. I prefer cash, preferably foreign currency, because of the costs associated with transacting with EcoCash. The reason I sometimes prefer foreign currency is because I sometimes deal with people from outside Zimbabwe when I purchase the clothes I want to sell and the challenge that I am presented with is that I have to withdraw the money and this is tricky because finding hard cash is difficult (Interview, Harare, July 2021).

In 2018, the Zimbabwean government placed a 2% Intermediated Money Transfer Tax (IMTT) which was added on all transactions mediated by financial institutions and mobile money platforms. This tax was collected by banks, building societies and mobile banking service providers. The policy was introduced by Zimbabwean government as one of the measures which was meant to promote resource mobilisation to address the various macro-economic challenges in the Zimbabwean economy (Nyoni et al., 2021). This made many users agitated because apart from paying high transactional costs, it became more costly for them to transact

with the 2% IMTT, and they had no choice. One participant, Keith, highlighted his feelings towards the tax:

That was a difficult time for many EcoCash users especially informal workers. We were paying tariffs to Econet and an additional tax. I understand it was for revenue generating but it was a bit too much to especially if you were transacting big amounts (Interview, Harare, July 2021).

Another participant, Peter, added how the new tax was just accepted by users despite being costly due to the dominance of the service. He said:

EcoCash is the dominant mobile money service in Zimbabwe so when that tax was introduced, people used the service regardless because and it is easy and convenient to use (Interview, Harare, July 2021).

As much as the costs associated with EcoCash are lower than those of formal financial services/banks they still present a huge challenge for users especially those working in the informal sector with limited resources and income. This ultimately affects the size, frequency, nature, and number of transactions they can make.

5.3.2.2 Affordability

While a mobile money service like EcoCash can be convenient in a cash-strapped society such as Zimbabwe, turning it into physical funds is difficult. EcoCash uses agents who are now charging commissions as high as 40% for each transaction. It is no secret that Zimbabwe has experienced severe cash shortages since 2016 and physical currency has become difficult to find. Mobile money agents have provided an essential service of converting digital money into cash which is in demand because consumers can purchase goods and services at cheaper prices or only with physical currency. Officially, agents could only charge an approved commission that can be as low as 1.6% and no higher than 15%. In an ideal world this is the standard but due to excess cash shortages, agents charge customers as much as 40% to buy cash (Global Press Journal, 2020). One participant said that the price of buying cash was just a bit too much:

Buying cash from EcoCash agents is expensive. At times I must cut some of my budget to cover for transport costs. Agents are taking a lot of money and there is nothing we can do because we desperately need it (Interview, Harare, July 2021).

Diana who is a clothing vendor addressed how she must charge customers more for payments in EcoCash. This was a result of suppliers asking for physical money instead of electronic money. She said:

The reality is that my suppliers for the products I purchase want physical cash, thus we are forced to charge more on EcoCash transactions. They are very strict about this and because we just came out of a lockdown, I cannot take any more chances not being able to conduct my business and make it efficient again (Interview, Harare, July 2021).

There has been a lot of reluctance by government to punish those charging high premiums on mobile money services despite still encouraging acceptance of all electronic forms of payments. Analysts have had fears about the development of the mobile money system in Zimbabwe because it has been digressing in comparison to other markets in the region. Cash premiums are non-existent in markets such as Kenya which has M-Pesa, the largest mobile money platform on the continent (Gerede, 2019).

5.3.2.3 Transaction Limits

Another challenge EcoCash has is that it limits transactions. To curb the problem of the foreign currency black market the government introduced daily and monthly limits to EcoCash transactions. When you reach a certain amount, you are capped for the day, week or for the month. This had some unintended consequences for many people especially those in the informal sector as it limited their transactions. Not many participants had a problem with this, but one informal worker, Hobart, did address the issue it hampers on his business.

The daily limits hamper some of us because we transact big amounts. So if they can improve that to a significant amount it will be better (Interview, Harare, July 2021).

Not being able to transact especially for those in the informal sector means that one incurs losses due to limited sales and purchases for example which ultimately affect's one's income.

Thus, transaction limits present a huge challenge for EcoCash users for the abovementioned reasons.

5.4 How EcoCash has Assisted Informal Workers towards Financial Inclusion

EcoCash has been a very useful mobile financial service. This service has been critical in assisting and addressing the financial needs for those who do not have access to banking services. Though not perfect, EcoCash has been crucial in being a bastion in mobile financial services in Zimbabwe. Speaking to informal workers in the study, they addressed how EcoCash has impacted them.

5.4.1 Convenience

Convenience has been a key aspect of EcoCash. With its perceived ease of use, EcoCash has been able to assist those in the informal sector. The luxury of conducting financial transactions from a mobile phone, sometimes from the comfort of your own home has been beneficial to many users. One of the participants, John, highlighted:

EcoCash has been very convenient to use. With my wife staying in the village, it has allowed me to be able to send her money when she needs it to buy something. This has also reduced the need to send people with money because that can take time, or it can be “lost” in transit (Interview, Harare, July 2021).

The convenience of EcoCash has allowed informal workers to be able to carry out various tasks from the comfort their workstations. Peter explained below:

EcoCash has allowed me to carry out transactions from the comfort of my workstation. The hassle of going to physically pay certain municipal bills and wait in a long line is no longer a thing. Also, I use airtime a lot and buying via EcoCash has it made it so easy and reduced to hassle of going to go buy airtime scratch cards (Interview, Harare, July 2021).

Another convenient factor EcoCash brought was that it was a digital storage of currency. This has allowed users who hold large amounts of cash to put their money in EcoCash account

instead of keeping it with them physically. This reduces the risks of theft. One informal participant, Hobart, said:

If you have a lot of money, it is very convenient because you can transfer to your EcoCash account in your phone. This allows you to not keep lots of physical cash with you. What may hurt is that your phone may get stolen. This results in the hassle of you getting a new sim card [with the same number] and obviously a new phone. If the person who stole your phone does not know your EcoCash pin then you are fine however if they do, then that is a different story (Interview, Harare, July 2021).

Hobart also complimented how fast EcoCash can be when carrying out various transactions. He had just lost a family member and he had this to say:

EcoCash is very convenient and fast. Once you send the money to the intended recipient, they get that money instantly. Just a few hours before, I got a call from my aunt in the Chegutu, saying that we lost a family member and they wanted some money to buy certain items for the funeral. I just sent the money via EcoCash, they got it and purchased the items (Interview, Harare, July 2021).

The cash crisis was a critical moment for the country especially for the informal economy because finding physical cash was difficult and this caused problems for those operating in the informal sector. People found ways to find physical money but EcoCash provided an alternative which ensured that the informal participants carried out various their transactions, this time through the use of a cellular devices. An elderly participant, Lindi, had this to say:

EcoCash changed a lot of things and sometimes I think to myself had it not been for EcoCash, what would have happened. There was a time in Zimbabwe when EcoCash was the only thing with which we were transacting with. We would ask ourselves how we would transact because physical money was very hard to find. There was no money in circulation, and it got to point where most of the country was using EcoCash. It's a blessing in disguise (Interview, Harare, July 2021).

EcoCash has reduced several strenuous measures that used to be tedious. One of the participants, Peter, was talking about his wife who stayed behind in home village used to face walk on long journeys to fetch money before EcoCash. He explained:

My wife used travel long distances to go get money before the introduction of EcoCash. She used to wake up early in the morning, ensure that the kids had food for the day and go to the nearest centre to fetch money which was a distance. Now that has all changed. She sits comfortably in our home and she receives money directly to her phone (Interview, Harare, July 2021).

The convenience that comes with making use of EcoCash not only benefits those that mainly rely on it for transactions, but also individuals with bank accounts. This is because there are many instances where people are unable to make Point-Of-Sale transactions for several reasons making EcoCash the ideal alternative even for those with bank accounts that have other means to transact. One participant mentioned how they prefer to use EcoCash as it is more convenient even though they have a bank account. Dorcas explained:

*I have a bank account, but I tend to move my money from my bank account to my EcoCash account because I use it frequently and it is more convenient for me. For example, I remember when one of my former employees sent me to go purchase her sons school uniforms, the card machine was not working, and they were only accepting EcoCash at the time. Fortunately, I had money in my account, so I dialled the EcoCash code (*151#), went to the send money option, entered the merchant code, entered the amount and I sent it (Interview, Harare, July 2021).*

Security is another benefit that comes with the convenience of using EcoCash. It was a common practice for one to always have cash on them to perform transactions if they didn't have a bank account. This presented a huge security risk as the money could be lost or the individual could get robbed at any point in time. The introduction of EcoCash has resulted in people not needing to move around with hard cash removing the security risk of getting robbed or losing money. According to one of the participants, Bianca, she explained:

Before EcoCash, I used to take my money with me wherever I went. I was always frightened that I might get robbed because I used to travel a lot during the night when

I was going home. But when EcoCash was introduced, I found out that it was easy to set up and use this made me happy and a bit at ease because my money was secure (Interview, Harare, July 2021).

Informal workers who sell goods also brought a distinct perspective about the convenience of EcoCash in their day-to-day business. One participant said:

On some days [laughs], the point of sale that requires debit cards does not work (because it is offline) and because we have an EcoCash account merchant number, several customers would opt to use that because it is convenient for them (Interview, Harare, July 2021).

Another participant said:

Several people who I am in business with all have EcoCash accounts. This has made it easier. For instance, if I am at a wholesaler and I am buying some goods in bulk, I often tell my fellow business associates about products on special and they often send me what they need and money via EcoCash. However, this is never the case because some of our wholesalers require cash (Interview, Harare, July 2021).

Convenience is an undeniable impact that has been brought about through transacting using EcoCash. Though the main target market for the service was the unbanked population, banked individuals and businesses have also gained a lot from the introduction of EcoCash. It has provided them with a reliable alternative platform for making transactions which is quite useful when systems are down due to several factors such as upgrades and network problems. For the unbanked population EcoCash has significantly reduced security threats that come with transacting in cash, as well as saving them time as they can perform transactions in the comfort of their own homes. Last but not least EcoCash has encouraged the growth of a cashless society in Zimbabwe as most people are now transacting digitally on their mobile phones. This has also been a welcome development during this COVID-19 pandemic as it allows individuals to maintain social distancing. To elaborate on this point the next section will explore the usage and reliance on EcoCash during the COVID-19 pandemic in Zimbabwe.

5.4.2 Reliance on Mobile Money Services during COVID-19 Pandemic in Zimbabwe

Mobile money services such as EcoCash have become a convenient payment alternative for many people during the COVID-19 especially frontline workers assisting with COVID-19 cases on in distant and remote areas. Crises such as the COVID-19 pandemic have the tendency to overlook the poor and unbanked who are not in a privileged position in terms of their financial wellbeing in comparison to the banked. Hence innovations such as EcoCash have been essential for those who cannot access banking services during such a crisis. The adoption of mobile phone technology has provided the poor and unbanked with convenient and safe mobile money services such as EcoCash in Zimbabwe. This COVID-19 pandemic has indirectly shown that innovative services such as mobile money can assist in such difficult times. For instance, cashless services that facilitate financial transactions like mobile money are safer especially for those who are unbanked considering that the COVID-19 virus could spread when people exchange money (Chitimira & Torerai, 2021). Mobile money has also helped people operating in the informal sector during this pandemic. One informal worker, Ruvimbo, explained:

With the current COVID-19, it is better to use EcoCash. With the amount of cases that we have experienced and deaths, I think it is better than carrying cash. This way you avoid a lot of problems like walking around because you do not know you interacting with people who may have COVID-19. (Interview, Harare, July 2021).

On the contrary, Bianca said she is willing to take the risk because some of her payments are in physical foreign currency. She explained:

It is a whole lot safer to be honest. I have heard that money is one biggest transfer items of the virus, so if we are going to use a service like EcoCash it may make life easier. However, I would rather risk it because some of my clients pay for some of my goods in foreign currency and as I stated earlier I need that foreign currency to pay my suppliers (Interview, Harare, July 2021).

Thus, EcoCash has indeed been a useful tool in curbing the spread of the COVID-19 virus. Through making digital transactions people can maintain socially distancing reducing the risk of getting infected with the Covid-19 virus where they would have otherwise interacted with

other individuals outside their household. The next section will also look at how from a technological standpoint EcoCash has assisted in progressing the informal economy.

5.4.3 Technology Adoption in the Informal Sector

Mobile devices have become a powerful tool in our society. Smart phones powered by Android or Apple iOS software have allowed us to have to access to information in the palm of our hand. Thus, EcoCash and its simple USSD dial up that does not require a smart phone, has done so much in assisting the informal sector to be part of the financial technology revolution. One of the participants, Farai, highlighted this:

EcoCash has allowed us to become more digital and this has assisted in the technological revolution. As a person who had formal employment before, I was exposed to some digital systems here and there and EcoCash has allowed us a country to adapt to the times. EcoCash has somewhat made people financial included. Whether you like it or not you will learn to use it because it is easy. It has also taught to people how to use a digital wallet and learning how to budget and save. Because before some people would keep money at home and this tempted them to use it for other reasons that weren't essential at the time (Interview, Harare, July 2021).

The use of smart phones has enabled better communication, and this has empowered informal workers to be more technologically inclined. One participant explained this with excerpt below:

I sell chickens and often it would be tedious for me to go to people's houses to go collect money from everyone who bought from me. People at times did not have the money to pay me so I was forced to run and up and down looking for money and this was tiring. Because of EcoCash I can now send the customer a message via WhatsApp or SMS to remind them about their outstanding amount and they can send money to my EcoCash account (Interview, Harare, July 2021).

5.5 Chapter Summary

This chapter was a continuation of the data collected during the study. It gave a brief history of mobile money in Zimbabwe, it then looked at the diverse services offered by EcoCash that informal workers use. This was followed by a discussion on the challenges faced by informal

workers when using the EcoCash. The closing of the chapter looked at informal workers perceptions of the impact of EcoCash mobile money service in the financial inclusion of informal workers as well as its impact of the COVID-19 pandemic. The next chapter discussed the emerging themes of the study as well as provide an analysis of the findings of the study to make recommendations.

CHAPTER SIX

DISCUSSIONS AND CONCLUSIONS

6.1 Introduction

The purpose of the study was to examine the significance of EcoCash mobile money service in fostering financial inclusion in the Zimbabwean informal sector. Studies on the significance of mobile money services in the past were explored by many scholars in other parts of the world, but only a few studies on these issues were documented in the Zimbabwean context. Thus, a case study of mobile money in Zimbabwe allowed the researcher to explore the significance EcoCash has had on informal workers when it comes to fostering financial inclusion. The findings are similar to those reported in various literature reviews that technology in the 21st century has played a pivotal role in today's society. With the advent and rapid adoption of ICTs, the mobile phone knows no physical boundaries anymore as funds can be transferred electronically in an instant from one user to another from the comfort of their own home.

The purpose of this chapter is to provide a summary of the study in its entirety driven by the objectives of the research. The objectives of the study were also useful in identifying the key themes from the findings of the study. The objectives of the study were to identify the barriers that hinder informal workers access to formal financial services, to explore financial services or products are offered by EcoCash to facilitate financial inclusion, to identify the challenges of using EcoCash mobile money service and lastly to explore the impact EcoCash has on those financially excluded in the informal sector.

6.2 Discussion

There is a consensus that informal workers need access to financial services to conduct transactions that are central to achieving decent life. Thus, there has been a constant need for finding innovative ways to ensure alternative financial services are offered to those who have been unbanked. This section is a discussion of key thematic areas guiding the study.

6.2.1 Barriers to Accessing Financial Services / Financial Exclusion

A lot of informal workers in the study experienced some level of financial exclusion. Factors such as banking costs, lack of financial knowledge, documentation and location made access to financial inclusion inaccessible. The biggest challenge faced by informal workers that resulted in them being financially excluded was the issue of costs. A lot of the informal workers were low skilled and had limited disposal income which made the use of formal financial services very expensive for them. This revealed that the cost of owning a bank account was a barrier that hindered informal workers access to formal financial services. Formal financial services are not cheap as they come with bank fees, minimum deposit requirements and other upfront costs that can add up and be very costly for a low-income earner.

Costs of owning a formal bank account were also coupled with lack of financial literacy which further contributed towards financial exclusion for the informal workers. Financial literacy has the capability to influence people to make decisions pertaining to choosing the financial products that best tailor their needs. Lack of access to adequate information of financial products often reduced the effectiveness of that product, and this resulted in people using cash only and not keeping it in a financial institution (Serrao & van Vuuren 2017; Datta, 2009). This also limited informal workers on making a sound decision regarding the financial management. One the causes of financial illiteracy stemmed from language. The jargon used in explaining financial programs to some of the informal workers proved to be too technical and confusing which led to many informal workers to not look at the possibility of opening a formal bank account.

Documentation was another challenge faced by informal workers which resulted in them being financially excluded from accessing formal financial services. Lack of identification or proof of residence proved to be detrimental when informal workers tried to apply for formal financial services. Thus, some of those who operated in the informal sector resorted to using informal ways which were mostly cash driven. It is evident that many individuals in the study were excluded from the formal financial sector due to the strict documentation requirements.

Lastly Location is another barrier that results in financial exclusion. Some of the informal workers resided in informal settlements far away from formal financial service providers which meant that they had limited access to the services available. Informal workers sometimes must

travel far to get to a bank or they would rather make use of informal services which are closer to their places of work and residence. The distance also meant that informal workers needed to spend more on transport which greatly decreases the money they spend or use in their homes to sustain their livelihoods.

6.2.2 EcoCash and Financial Inclusion

The introduction of mobile money services such as EcoCash by Econet has proved to be beneficial in fostering financial inclusion in the Zimbabwean informal sector. EcoCash has empowered people operating in the informal sector to have access to conduct digital transactions via a mobile device. With a high mobile phone penetration rate in Zimbabwe, EcoCash has been able to give opportunities to the workers operating in the Zimbabwean informal sector to use these mobile money services.

EcoCash has empowered informal participants to use their services and conduct various transactions such as sending and receiving money via the use of a mobile device. Additionally, the service has also allowed informal workers to also pay for various bills such as school fees and utility bills without having to go to a brick and mortar physically. This has reduced the burden carrying physical cash and has enabled informal workers to have a digital wallet. On the issue of safety, EcoCash has allowed users to store money electronically which is much safer than carrying cash or keeping it at home which presents a lot of risks such as theft or incidences such as flooding or fires in the house. EcoCash has also allowed the informal sector to adapt in the age of ICTs. Mobile phones have enabled users from all walks of life to access services such as mobile money and be part of the digital ecosystem. This has given people autonomy and technological empowerment

Remittances have been a crucial aspect of mobile money services, especially with EcoCash. Before the introduction of EcoCash, informal workers who had migrated into Harare from various rural areas used to send money back home via a third party who was either a bus driver or a transporter. This was convenient because it created social networks that were based on trust and reliability. However, there were risks involved. The money could be lost in transit due to theft or some of it could be used to pay some additional cost should problems occur. This made various informal workers resort to extreme methods of placing money between clothes and in food when sending to their loved ones in the rural areas. Using a third party was

also costly and this delayed informal workers in sending money because they had to work a bit longer to ensure that they had the adequate funds before sending.

Thus when EcoCash was introduced, participants in the study addressed the significance of the mobile service when it came to remittances. EcoCash has given people the ability to send money to their loved ones who stay far away from them instantly through their mobile phones without using any third party in the process. This has proved to be convenient and cost effective to some extent. The days of using a middleman or a third party to send money are slowly fading away and the fears of money being lost or stolen has given some users peace of mind.

Due to its ease of use, EcoCash has allowed more informal users to participate in the formal financial system. Technological services are often difficult to use and understand sometimes because of the jargon used and the technicalities around that service or product. However, through aggressive marketing, Econet and EcoCash made sure that they educated their audience through television campaigns, print media and billboards around the country (GSMA, 2013). EcoCash has also ensured that their agents spread out across the country are adequately trained to teach and assist new users how to use the service in their respective cities, towns, suburbs and villages. This meant that informal participants were also taught how the service works ensuring that they can also use the service.

6.2.3 Challenges of using EcoCash Mobile Money Service

The research revealed the various challenges informal sector participants have encountered when using mobile money services. Power cuts was one of the challenges identified in the study. Participants said it affected the network and this affected them carrying out transactions. For example, participants said that money could be deducted if they were paying for an electricity token, and you would not receive the token resulting in you having to call EcoCash to trace your money. This would lead to all sorts of back and forth with customer service which can be an administrative nightmare. System upgrades also presented a challenge because the system could be down during peak hours, and this could affect the informal workers business.

Transaction fees were also another challenge identified in the study. When sending money via EcoCash there is a service fee money that is added on top of the amount you are sending. People

who operate in the informal sector are generally low-income earners, so paying a transaction fee dwindled some of their income significantly.

Transactional limits were also another challenge. To curb the problem of the foreign currency black market the government introduced daily and monthly limits to EcoCash transactions. When you reach a certain amount, you are capped for the day, week or for the month and this presented a problem for several participants in the study who used a high volume of transactions.

6.2.4 The Importance of EcoCash in the Informal Sector

As a mobile financial service, many of the participants in the study saw EcoCash to be convenient service. With its perceived ease of use, EcoCash has been able to assist those in the informal sector. The luxury of conducting financial transactions from a mobile phone, sometimes from the comfort of your own home has been beneficial to many users. This has been essential for remittances. The payment is instant and this has reduced the need for a third party who carries the cash on your behalf when there is a high risk.

Security is another benefit that comes with the convenience of using EcoCash. It was a common practice for one to always have cash on them to perform transactions if they didn't have a bank account. This presented a huge security risk as the money could be lost or the individual could get robbed at any point in time. The introduction of EcoCash has resulted in people not needing to move around with hard cash removing the security risk of getting robbed or losing money.

Mobile devices have become a powerful tool in our society. Smart phones powered by Android or Apple iOS software have allowed us to have access to information in the palm of our hand. Thus, EcoCash and its simple USSD dial up that does not require a smart phone, has done so much in assisting the informal sector to be part of the financial technology revolution. The use of smart phones has enabled better communication, and this has empowered informal workers to be more technologically inclined.

EcoCash has become a convenient payment alternative for many people during the COVID-19 especially frontline workers assisting with COVID-19 cases on in distant and remote areas. Crises such as the COVID-19 pandemic have the tendency to overlook the poor and unbanked

who are not in a privileged position in terms of their financial wellbeing in comparison to the banked. Hence innovations such as EcoCash have been essential for those who cannot access banking services during such a crisis. The adoption of mobile phone technology has provided the poor and unbanked with convenient and safe mobile money services such as EcoCash in Zimbabwe. This COVID-19 pandemic has indirectly shown that innovative services such as mobile money can assist in such difficult times. For instance, cashless services that facilitate financial transactions like mobile money are safer especially for those who are unbanked considering that the COVID-19 virus could spread when people exchange money (Chitimira & Torerai, 2021).

6.3 Conclusions

The study explored mobile money and its impact in fostering financial inclusion in the informal sector paying particular attention to informal workers in Harare, Zimbabwe. This study was guided by the premise that many of the participants operating in the informal sector were unbanked and did not have access to formal financial services. Thus there was a need to explore various alternative financial services and the one identified for this study was the EcoCash mobile money service created by Econet.

EcoCash as a mobile money service has allowed many workers in the informal sector to participate in Zimbabwe's formal financial sector as they can send and receive and money, keep their electronic money in digital wallets and transact in real time which has brought convenience to these users. This has reduced the risk of informal workers keeping their money at home or consistently walking around with it which may lead to theft. The informal sector can now remit money in safer and faster ways to their rural homes without having to use a third party to take their money with. This mode of remitting funds was risky, unreliable and slow. However, EcoCash as a mobile money service has also had its challenges. Issues of poor network, transactional limits and transactional costs have been met with criticism despite the service being the leader in the Zimbabwean mobile money market.

6.4 Policy Implications

The study has raised some policy questions about financial inclusion in the informal economy in Zimbabwe. The research can inform discussions about the effectiveness of policies aimed at financial inclusion in Zimbabwe. This can then help to showcase what can be done differently and whether there are any lessons for those who provide financial services. Specific policy lessons emerged from the study, and this concluding section offers some observations.

As a financial service, mobile money has managed to put millions of poor, unbanked and low-income earners into financial inclusion in a shorter period of time than banks in Zimbabwe. The advent of mobile has allowed the majority of people who were financially excluded to be participants of the financial sector. Before mobile money, they relied on informal cash transactions which posed a risk to the Zimbabwean financial markets. Liquidity challenges also resulted in poor and low-income earners to be financially excluded (Chitimira & Torerai, 2021)

6.4.1 The National Financial Inclusion Strategy and Financial Inclusion

The Ministry of Finance and Economic Development launched the National Financial Inclusion Strategy (NFIS) in 2016. The NFIS seeks to recognise barriers and constraints that hinder people from financial inclusion and offer ways to improve the availability of financial services to every individual, including the poor, unbanked and low-income earners in Zimbabwe. The NFIS acknowledges that mobile money is a financial instrument that is pivotal for financial inclusion of the unbanked in Zimbabwe (Chitimira & Torerai, 2021). Lawack (2013), argued that a payment system forms the basis on any comprehensive financial system in any economy and it is paramount to the financial inclusion of the poor. Hence there NFIS also noted that mobile money has introduced payments and other formal financial services to the adult population in rural areas Zimbabwe. On the contrary the NFIS also notes that there has been no coordinated national policy on financial inclusion in Zimbabwe. To add on poor consumer protection and resource constraints are some of the factors that have hindered the unbanked in Zimbabwe (RBZ, 2016).

6.4.2 The RBZ Act and Mobile Money Regulation

The RBZ Act regulates the function of Zimbabwe's central bank, the Reserve Bank of Zimbabwe (RBZ). The RBZ regulates and supervises institutions such as commercial banks, building societies and the Post office Savings Bank (RBZ, 2010). In this regard MNO's that provide mobile money services such as Econet, NetOne and Telecel are excluded from the list of institutions regulated by the RBZ since they are not regarded as banking institutions. This maybe the reason why there has been no regulation pertaining to the transactional fees a majority of the participants in the study were discussing during the interview process. Such oversight is necessary to ensure that mobile money services providers do not over charge consumers (Chitima & Torerai, 2021).

6.4.3 New Banking Regulations, Mobile Money and Financial Inclusion

In 2020 the RBZ published new guidelines that sought to coordinate mobile money services from different service providers to benefit the end user in Zimbabwe. For example, the new regulations require rival mobile money providers to cooperate in the transfer of funds across mobile money platforms. The purpose of this is to create a smooth exchange between different mobile money accounts operated by different service providers. This is a departure from the previous set up, where mobile money service providers only served their registers customers. Under new regulations mobile money services are interoperable making it easier for consumers to send money from one service provider to another.

6.5 Suggestions for Future Research

This research looked at the significance of EcoCash mobile money service in fostering financial inclusion in the Zimbabwean informal sector. Although this research investigated the informal sector in Harare, the researcher identified other key areas the topic of mobile money can extend to. From a geographical perspective for example, there can be research of the significance of mobile money services in the rural agrarian economy. A wide range of research can come from assessing the impact of mobile money on the poor, unbanked and low-income earners in Zimbabwe.

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APPENDICES

APPENDIX 1: Informed Consent Form

Dear participant

Thank you for participating in the proposed study. My name Mr Rindai Muzanechita, a master's student at the University of Pretoria in South Africa. The study will assist the researcher in "The significance of EcoCash mobile money service in fostering financial inclusion in the Zimbabwean informal sector". Please take time to read through this letter as it gives information on the study and your rights as a participant.

Title of the Study

The significance of EcoCash mobile money service in fostering financial inclusion in the Zimbabwean informal sector.

What will happen in the study?

The interviewer who will be the researcher will sit down with you for an interview. The interviewer will obtain your perspective on the EcoCash mobile money services and how it affected you in obtaining financial inclusion. The interview will take not more than 60 minutes of your time and I will be recording your responses with an audio recorder to obtain more detailed responses. You can choose to have the interview in English or Shona, whichever makes you feel more comfortable.

Risks

There are no risks or harm to you as an individual for participating in the interview process. If you experience some level of discomfort after joining the study, you are free to withdraw from the study at any stage of the study. Participation is voluntary, thus there will be no negative consequences imposed on the respondent.

Are there any benefits for joining the study?

Your participation is purely voluntary, and there are no tangible benefits your participation. Your participation will assist in our understanding of the significance of EcoCash mobile money service in fostering financial inclusion in the Zimbabwean informal sector to inform policy debates.

Confidentiality

Apart from me as the researcher, the data will be shared with my supervisor, Prof. Vusi Thebe of the University of Pretoria. The information collected will be used for research purposes only. Your personal information will be kept confidential and not shared. No names will be mentioned hence pseudonyms will be used for the purpose of the master's dissertation and any scientific papers. All data and interview scripts will be stored in hard and electronic copy at the Department of Anthropology and Archaeology for a minimum of 15 years. The results will be produced in the form of a dissertation or scientific paper or may be presented at both local and international forums like workshops and conferences. The voice recordings of the interview will not be shared on television or social media but will be utilised to make findings for the study.

Any questions?

If you have any questions or would want me to explain anything further, you are welcome to phone or text me on +27743118282. You can also send me an email on the following address: u13328582@tuks.co.za

Consent Declaration

I _____ (write your name) hereby agree to participate in this study.

_____ Researchers Signature

APPENDIX 2: Interview Guide / Schedule

Interview schedule - The significance of EcoCash in the Informal Sector

1. What got you into the informal sector?

- Was it influenced by lack of education?
- Was it influenced by lack of Unemployment?
- Was it influenced by Migration?

2. What are the barriers that hinder informal workers to formal financial services?

- Talk about the challenges you face when in need of financial services?
- What would you say are the sources of these challenges?
- Have you faced challenges related to language, documentation, location, and trust?

3. What financial services or products are offered by EcoCash to facilitate financial inclusion?

- Talk about the services offered
- How often do you use these services?
- Are these services beneficial?

4. What are the challenges of using EcoCash mobile money service?

- Talk about some of the challenges you encounter when you use EcoCash
- Are there instances when EcoCash is not working?
- How often do these challenges happen? (What is the frequency)
- What are the causes of those challenges with using EcoCash?

5. What benefit does EcoCash have on those financially excluded in the informal sector?

- How has EcoCash helped / Impacted you?
- Do you feel financially included?
- What can be improved by EcoCash?
- Is it better and safer than carrying cash considering that we are in a Covid-19 pandemic?